THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Green International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

GREEN INTERNATIONAL Holdings Limited 格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED
格 林 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

(I) CONNECTED TRANSACTION ON THE NON-EXERCISE OF SELL-BACK RIGHT; AND (II) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

ASTRUM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

紅日資本有限公司
RED SUN CAPITAL LIMITED

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 31 of this circular.

A notice dated 28 December 2018 convening the EGM to be held on Thursday, 17 January 2019 at 3:00 p.m. at Conference Room, Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

In accordance with the Listing Rules, Ms. Eva Au and her associates, Mr. Chung Sum Sang and his close associates, and any other Shareholders who has a material interest in Resolution No. 1 approving the non-exercise of the Sell-Back Right will be required to abstain from voting for Resolution No. 1. All Shareholders who vote (which reference shall include all non-registered Shareholders who give voting directions to any Intermediary) in favour of or against Resolution No. 1 (each a "**Disinterested Voter**") is deemed to have confirmed, warranted and undertook to the Company and all "specified recipients" as defined in Section 384 of the SFO that he/she/it (1) is not an associate of Ms. Au; (2) is not a close associate of Mr. Chung; and (3) has no material interest in the subject matter of Resolution No. 1 whether of him/her/it or his/her/its close associates. By placing voting direction to vote for or against Resolution No. 1, each Disinterested Voter is deemed to have intended that the Company and all "specified recipients" should be entitled to, and would actually, rely on the said No Material Interest Confirmation. **Any Shareholders and non-registered Shareholders who cast or attempt to cast vote(s) (whether by proxy, corporate representative or in person and/or voting directions through securities brokers, banks, custodians or nominee companies or otherwise) in contravention with the No Material Interest Confirmation may face the following consequences: (1) having his/her/its votes disregarded by the Company if the breach is discovered before the announcement of the voting results; (2) civil remedies including injunctive reliefs to be sought by the Company in Court if the breach is discovered after the announcement of the voting results; and (3) criminal consequence under the SFO for knowingly or recklessly providing false and misleading information to, and was relied upon by, any "specified recipients".**

28 December 2018

CONTENTS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

"Acquisition"	the acquisition of the entire issued share capital of Rainbow Star by the Company from the Vendors pursuant to the Acquisition Agreement
"Acquisition Agreement"	the sale and purchase agreement dated 21 November 2014 entered into between the Company and the Vendors in relation to the Acquisition (as supplemented by the supplemental agreement dated 16 December 2014)
"associates"	having the meaning ascribed thereto under the Listing Rules
"Astrum"	Astrum Capital Management Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the financial adviser to the Company
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
"close associates"	having the meaning ascribed thereto under the Listing Rules
"Company"	Green International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2700)
"connected persons"	having the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be held on Thursday, 17 January 2019 at 3:00 p.m. at Conference Room, Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, approving the non-exercise of the Sell-Back Right
"Group"	collectively, the Company and its subsidiaries
"HLB"	HLB Hodgson Impey Cheng Limited, Certified Public Accountants and the reporting accountants of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. David Tsoi, Mr. Wu Hong and Mr. Wang Chunlin, which was established to make a recommendation to the Independent Shareholders regarding the non-exercise of the Sell-Back Right
"Independent Financial Adviser" or "Red Sun"	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the non-exercise of the Sell-Back Right
"Independent Shareholders"	Shareholders other than (a) Ms. Au and her associates; (b) Mr. Chung and his close associates; and (c) any other Shareholders who has a material interest in the non-exercise of the Sell-Back Right and are required by the Listing Rules to abstain from voting on the resolution(s) regarding the non-exercise of the Sell-Back Right at the EGM
"Independent Valuer"	Graval Consulting Limited, an independent professional valuer
"Latest Practicable Date"	24 December 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Marsa CB"	the convertible bonds issued by the Company to the Vendors or their respective nominees for the partial settlement of the consideration of the Acquisition pursuant to the terms of the Acquisition Agreement
"Mr. Chung"	Mr. Chung Sum Sang, one of the vendors of the Acquisition
"Ms. Au"	Ms. Eva Au, one of the vendors of the Acquisition and formerly an executive Director who retired on 7 June 2018
"PRC"	the People's Republic of China
"Profit Guarantee"	the guarantee on the audited consolidated net profit after tax of Shenzhen Marsa achieving the minimum level of RMB20,000,000 for each of the three years ended 31 December 2015, 2016 and 2017

"Rainbow Star"	Rainbow Star Global Limited, a company incorporated in the British Virgin Islands which has become a wholly-owned subsidiary of the Company since the completion of the Acquisition
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Marsa"	深圳市瑪莎嘉兒連鎖實業有限公司 (Shenzhen Marsa Guer Chain Enterprise Limited*), a company established in the PRC with limited liability
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Group"	Rainbow Star and its subsidiaries
"Valuation"	the valuation of the entire issued share capital of Rainbow Star as at 30 June 2018 conducted by the Independent Valuer
"Valuation Report"	the valuation report dated 28 December 2018 prepared by the Independent Valuer in relation to the Valuation
"Vendors"	collectively, Mr. Chung and Ms. Au
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

For the purpose of this circular, unless otherwise stated, conversion of RMB into HK$ is based on the approximate exchange rate of HK$1.000 against RMB0.871. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

* *In this circular, the English transliteration of the Chinese names, where indicated, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

GREEN INTERNATIONAL HOLDINGS LIMITED
格 林 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2700)

Executive Directors:
Mr. Yu Qigang *(Chairman)*
Mr. Chen Hanhong
Mr. Liu Dong

Independent Non-executive Directors:
Mr. David Tsoi
Mr. Wu Hong
Mr. Wang Chunlin

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:
Suite 2208-09, 22/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

28 December 2018

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION ON THE NON-EXERCISE OF SELL-BACK RIGHT

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 21 November 2014 and the circular of the Company dated 24 December 2014 (the "**Acquisition Circular**") in relation to the Acquisition; (ii) the announcement of the Company dated 4 May 2018 (the "**2018 PG Announcement**") in relation to the non-fulfillment of the Profit Guarantee; and (iii) the announcement of the Company dated 16 October 2018 (the "**2018 Non-exercise Announcement**") in relation to, among other things, the non-exercise of Sell-Back Right.

The purpose of this circular is to provide you with, among other things, (i) further information on the non-exercise of the Sell-Back Right; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the non-exercise of the Sell-Back Right; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders regarding the non-exercise of the Sell-Back Right; (iv) other information prescribed by the Listing Rules; and (v) the notice of the EGM.

BACKGROUND

On 21 November 2014, the Company entered into the Acquisition Agreement with the Vendors pursuant to which the Company acquired from the Vendors the entire issued share capital of Rainbow Star for the maximum aggregate consideration of HK$217,000,000 (subject to adjustment mechanisms regarding the Profit Guarantee as set out in the Acquisition Circular and the 2018 PG Announcement), out of which HK$54,250,000 was settled in cash and the remaining consideration was settled by the issue of three equal tranches of convertible bonds by the Company in the principal sum of HK$54,250,000 each, namely, the "**1st Marsa CB**", the "**2nd Marsa CB**" and the "**3rd Marsa CB**", respectively. Pursuant to the Acquisition Agreement, if the audited consolidated net profit after tax of Shenzhen Marsa ("**Marsa NPAT**") for the three years ended 31 December 2015, 2016 and 2017 is less than RMB20 million (i.e. the Profit Guarantee), the Company shall have a right to redeem and cancel in whole or part of the 1st, 2nd and 3rd Marsa CBs, respectively, at the nominal sum of HK$1 (the "**PG Failure Cancellation Right**") based on the formula stipulated in the Acquisition Circular.

Rainbow Star is an investment holding company incorporated in the British Virgin Islands with limited liability, whose entire issued share capital is owned by the Group. Rainbow Star owns the entire issued share capital of Health Gold Holdings Limited ("**Health Gold**"), an investment holding company incorporated in Hong Kong with limited liability, which in turn owns 70% equity interest in Shenzhen Marsa. Shenzhen Marsa holds (i) the entire equity interest in 深圳市瑪莎康盈生物科技有限公司 (Shenzhen Marsa Kangying Biotechnology Company Limited*, "**Marsa Kangying**"), a company established in the PRC with limited liability, and (ii) the entire equity interest in 深圳市瑪莎麗之莎諮詢管理有限公司 (Shenzhen Marsa Beauty Consultancy Management Company Limited*, "**Marsa Beauty**"), a company established in the PRC with limited liability. Shenzhen Marsa and its subsidiaries (collectively, the "**Shenzhen Marsa Group**") are principally engaged in the provision of beauty and wellness related services. Since the completion of the Acquisition in May 2015, Rainbow Star and its subsidiaries, namely, Health Gold, Shenzhen Marsa, Marsa Kangying and Marsa Beauty, have all become subsidiaries of the Group.

SELL-BACK RIGHT

Pursuant to the Acquisition Agreement, if the Marsa NPAT is less than RMB20 million for all three years ended 31 December 2015, 2016 and 2017, the Company shall have the right to sell, and require the Vendors to buy back, Rainbow Star at a consideration (the "**Sell-Back Consideration**") which is equivalent to the consideration already paid by the Company (the "**Sell-Back Right**").

As disclosed in the 2018 PG Announcement, Marsa NPAT fell short of the Profit Guarantee level of RMB20 million for all the three years ended 31 December 2015, 2016 and 2017. The Company exercised the PG Failure Cancellation Right to cancel part of the 1st, 2nd and 3rd Marsa CBs based on the fulfillment shortfall of the Profit Guarantee and thereafter exercised its right to redeem all the Marsa CBs so remained after the said partial cancellation by issuing Shares (the "**Share Redemption Election Right**") at the conversion price of HK$0.50 per Share (the "**Conversion Shares**"). The following table sets forth the actual Marsa NPAT, the fulfillment ratio as compared with the Profit Guarantee, the cancellation and remaining portions of each tranche of the Marsa CBs, and the number of Conversion Shares issuable by the Company pursuant to the exercise of the conversion right attaching to the Marsa CBs at the conversion price of HK$0.50 per Share:

	Actual Marsa NPAT *(RMB)*	**Fulfillment ratio**	**Marsa CBs cancelled** *(HK$)*	**Marsa CBs remained** *(HK$)*	**Conversion Shares**
2015	6,618,000	33.09%	36,298,675	17,951,325	35,902,650
2016	4,525,280	22.62%	41,978,650	12,271,350	24,542,700
2017	2,244,000	11.22%	48,163,150	6,086,850	12,173,700
		Total:	126,440,475	36,309,525	72,619,050

On 17 May 2018, the Company has allotted and issued 72,619,050 Conversion Shares. The consideration actually paid by the Company for the Acquisition was, therefore, adjusted downward from HK$217,000,000 to HK$90,559,525 (being the cash consideration paid in the amount of HK$54,250,000 plus the principal amount of HK$36,309,525 under the Marsa CB which remained after the partial cancellation and was subsequently converted into 72,619,050 Shares).

NON-EXERCISE OF THE SELL-BACK RIGHT

As disclosed in the 2018 Non-exercise Announcement, having considered the reasons as stated in the paragraph headed "Reasons for and benefits of non-exercise of the Sell-Back Right" below, the Company resolved to put forward to the Independent Shareholders at the EGM a proposal not to exercise the Sell-Back Right.

FINANCIAL INFORMATION OF RAINBOW STAR, HEALTH GOLD AND THE SHENZHEN MARSA GROUP

A. Rainbow Star and Health Gold

Rainbow Star and Health Gold are merely investment holding companies having no business operations and no expenses save for insignificant company secretarial and audit fees. Save for their investment in the Shenzhen Marsa Group, Rainbow Star and Health Gold have no other significant assets and liabilities.

The following tables set forth (i) the audited financial information of Rainbow Star and Health Gold for the three years ended 31 December 2017 as extracted from the audited consolidated financial statements of the Company for the relevant years prepared in accordance with the Hong Kong Financial Report Standards; and (ii) the unaudited financial information of Rainbow Star and Health Gold for the six months ended 30 June 2017 and 30 June 2018 as extracted from the unaudited consolidated financial statements of the Company for the relevant periods prepared in accordance with the Hong Kong Financial Report Standards:

Financial information of Rainbow Star

	For the year ended			For the six months ended	
	31 December 2015	**31 December 2016**	**31 December 2017**	**30 June 2017**	**30 June 2018**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	—	—	—	—	—
Net (loss) before tax	—	—	(7,365)	—	—
Net (loss) after tax	—	—	(7,365)	—	—

The unaudited total assets and net assets of Rainbow Star as at 30 June 2018 were approximately HK$17.6 million and approximately HK$16.6 million, respectively.

Financial information of Health Gold

	For the year ended			For the six months ended	
	31 December 2015	**31 December 2016**	**31 December 2017**	**30 June 2017**	**30 June 2018**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Revenue	—	—	—	—	—
Net (loss) before tax	(498)	(1,099)	(5,269)	(3,099)	(2,355)
Net (loss) after tax	(498)	(1,099)	(5,269)	(3,099)	(2,355)

As at 30 June 2018, the unaudited total assets and net liabilities of Health Gold amounted to approximately HK$18.5 million and approximately HK$3.7 million, respectively.

B. **The Shenzhen Marsa Group**

Set forth below is (i) the audited financial information of the Shenzhen Marsa Group for the three years ended 31 December 2017 as extracted from the audited consolidated financial statements of the Company for the relevant years prepared in accordance with the Hong Kong Financial Report Standards; and (ii) the unaudited financial information of the Shenzhen Marsa Group for the six months ended 30 June 2017 and 30 June 2018 as extracted from the unaudited consolidated financial statements of the Company for the relevant periods prepared in accordance with the Hong Kong Financial Report Standards:

	For the year ended			For the six months ended	
	31 December 2015	**31 December 2016**	**31 December 2017**	**30 June 2017**	**30 June 2018**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	17,432	28,472	33,035	14,683	17,547
Net profit before tax	8,725	6,413	3,602	438	2,857
Net profit after tax	6,618	4,525	2,244	181	3,113

The unaudited total assets and net assets of the Shenzhen Marsa Group as at 30 June 2018 were approximately RMB37.4 million (equivalent to approximately HK$42.9 million) and approximately RMB19.6 million (equivalent to approximately HK$22.6 million), respectively.

VALUATION

The Group engaged the Independent Valuer to assess the market value of the entire issued share capital of Rainbow Star as at 30 June 2018. According to the Valuation Report, the Independent Valuer adopted the income-based approach using discounted cash flow method involving projections of profits, earnings and cash flows, which are regarded as profit forecasts under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). Pursuant to Rule 14.62(1) of the Listing Rules, the principal assumptions, including commercial assumptions, upon which the Profit Forecast is based, are detailed as follows:

1. In addition to the Cooperation Agreements (as defined in the Valuation Report set out in Appendix I to this circular), for business expansion, the Management will procure further cooperation between the Shenzhen Marsa Group and the Cooperation Partners I Group (as defined in the Valuation Report set out in Appendix I to this circular) by entering into a contractual relationship;

2. The Target Group is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognized or valued attributable to the Target Group;

3. For the Shenzhen Marsa Group to continue as a going concern, the Shenzhen Marsa Group will successfully carry out all necessary activities for the development of its business;

4. The contractual parties of the relevant Cooperation Agreements entered into with the Shenzhen Marsa Group will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry if applicable;

5. The availability of finance will not be a constraint on the forecast growth of the Shenzhen Marsa Group's operations;

6. The audited or unaudited financial information of the Target Group as supplied to the Independent Valuer have been prepared in a manner which truly and accurately reflect the financial position of the Target Group as at the respective balance sheet dates;

7. Market trends and conditions where the Shenzhen Marsa Group operates will not deviate significantly from the economic forecasts in general;

8. Key management, competent personnel and technical staff will all be retained to support the ongoing operation of the Shenzhen Marsa Group;

9. There will be no material changes in the business strategy of the Shenzhen Marsa Group and its expected operating structure;

10. Interest rates and exchange rates in the localities for the operations of the Shenzhen Marsa Group will not differ materially from those presently prevailing;

11. All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the Shenzhen Marsa Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

12. There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Shenzhen Marsa Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Shenzhen Marsa Group.

HLB, acting as the Company's reporting accountants, has reviewed the calculations of the discounted future estimated cash flows on which the Valuation Report was based. HLB has reported to the Directors in respect of the arithmetical accuracy of the calculations of and whether the discounted future estimated cash flows in connection with the Valuation as set out in the Valuation Report so far as the calculations are concerned, have been properly compiled with the assumptions determined by the Directors. As the Valuation Report is based on discounted future estimated cash flows method, no accounting policies of the Company were adopted. The management of the Company is solely responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined. Accordingly, the work performed by HLB did not include reviewing, considering or conducting any work on the reasonableness and the validity of the assumptions determined by the Directors.

Astrum, the financial adviser to the Company, has reviewed the Profit Forecast and has discussed with the management of the Company and the Independent Valuer regarding the bases and assumptions upon which the Profit Forecast has been made to arrive at the Valuation. Astrum has confirmed that it is satisfied that the Profit Forecast has been made by the Directors after due and careful enquiry.

Pursuant to Rule 14.60A of the Listing Rules, a report from HLB dated 28 December 2018 in compliance with Rule 14.62(2) of the Listing Rules and a letter from Astrum dated 28 December 2018 in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix II to this circular, respectively.

REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE SELL-BACK RIGHT

The Group is principally engaged in the provision of (i) health, medical and related services; (ii) beauty, wellness and related services; and (iii) integrated financial services comprising money-lending, securities brokerage, advising on securities and asset management.

In determining whether or not to exercise the Sell-back Right, the Board has assessed the financial performance of the Shenzhen Marsa Group. The revenue of the Shenzhen Marsa Group increased from approximately RMB17.4 million for the year ended 31 December 2015 to approximately RMB28.5 million for the year ended 31 December 2016 and further to approximately RMB33.0 million for the year ended 31 December 2017, representing a compound annual growth rate ("**CAGR**") of approximately 37.7%. The increase in revenue was mainly attributable to increase in customers, business development and launch of promotional events. Notwithstanding the growth in revenue, the Marsa NPAT decreased from approximately RMB6.6 million for the year ended 31 December 2015 to approximately RMB4.5 million for the year ended 31 December 2016 and further to approximately RMB2.2 million for the year ended 31 December 2017. The decrease in Marsa NPAT was mainly attributable to the increase in selling expenses and administrative expenses.

As at 31 December 2017, the Shenzhen Marsa Group operated 10 beauty and wellness centers in Shenzhen, China. During the first six months of 2018, the new management of the Company underwent a thorough review of the business performance of the Shenzhen Marsa Group. Following discussions between the new management of the Company and the management of the Shenzhen Marsa Group, the Shenzhen Marsa Group has taken the following measures in the first half of 2018 with the view to improving its financial performance and profitability, namely: (i) closing down two beauty and wellness centers which did not perform well; (ii) opening a new beauty and wellness center in Shenzhen under the cooperation with a large enterprise in the PRC; (iii) signing a cooperation agreement with another large enterprise in the PRC to explore opportunities of opening new beauty and wellness centers in Shenzhen; and (iv) launching marketing campaigns and promotional events and adopting cost-control measures. With these measures, the Company already saw an improvement in the financial results of the Shenzhen Marsa Group during the first half of 2018 (with its revenue and net profits after tax growing from approximately RMB14.7 million and approximately RMB0.2 million for the six months ended 30 June 2017 to approximately RMB17.5 million and approximately RMB3.1 million for the six months ended 30 June 2018) and expects the financial performance of the Shenzhen Marsa Group to show further improvement in the second half of 2018. Should the Sell-Back Right be exercised, the Target Group will cease to be subsidiaries of the Company, and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

According to the National Bureau of Statistics, the total urban population in the PRC increased from approximately 731.1 million in 2013 to approximately 813.5 million in 2017, representing approximately 58.5% of the total population in the PRC as at 31 December 2017. During the period between 2013 and 2017, the average disposable income per capita of the PRC increased from approximately RMB18,311 to approximately RMB25,974, representing a CAGR of approximately 9.1%, while the average consumption expenditure per capita of the PRC increased from approximately RMB13,220 to approximately RMB18,322, representing a CAGR of approximately 8.5%. As a result of rapid economic growth and the gradual improvement in living standards, residents become more health conscious and are willing to increase their leisure spending, and accordingly, the beauty and wellness industry in the PRC has been expanding rapidly in recent years.

According to the "China Beauty and Hairdressing Development Report (中國美容美髮行業發展報告)" prepared by the Ministry of Commerce of the PRC, the total revenue of beauty and hairdressing business in the PRC increased from approximately RMB264.6 billion in 2013 to approximately RMB312.9 billion in 2016, representing a CAGR of approximately 5.8%. With the support of various governmental policies, such as "tax and fee reduction (減稅降費)", "reform of the supply side (供給側改革)" and promotion of "public entrepreneurship, innovation by the public (大眾創業、萬眾創新)", the quality and efficiency of the beauty and hairdressing business have been improved. According to a research conducted by Qianzhan Industry Institute (前瞻產業研究院), the total revenue of beauty and hairdressing business in the PRC is expected to continue to grow in the next few years, and will reach RMB500 billion in 2020. Therefore, the Board is optimistic about the prospects of the beauty and wellness service industry in the PRC and thus the future prospect of the Target Group.

Furthermore, based on the Valuation Report, the market value of the entire issued share capital of Rainbow Star (essentially comprising the Company's 70% equity interest in the Shenzhen Marsa Group) as at 30 June 2018 was approximately HK$100,327,000, which is higher than the Sell-Back Consideration of HK$90,559,525.

In view of the above, the Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the non-exercise of the Sell-Back Right is fair and reasonable and in the interests of the Company and its Shareholders as a whole. After making enquiries with the Directors at the Board meeting, each of the existing Directors is not aware of any direct or indirect interest in the arrangement relating to the non-exercise of the Sell-Back Right and accordingly, no Director was required to abstain at Board level in respect of the decision of not exercising the Sell-Back Right.

FINANCIAL EFFECTS ON THE NON-EXERCISE OF THE SELL-BACK RIGHT

(a) Earnings

Given that the financial results of the Target Group have already been consolidated to the Group's financial statements, it is expected that there will be no financial effect on the earnings of the Group if the Sell-Back Right is not exercised.

(b) **Assets and liabilities**

It is expected that the total assets and liabilities of the Group will remain unchanged if the Sell-Back Right is not exercised.

IMPLICATIONS UNDER THE LISTING RULES

Ms. Au is a connected person of the Company as she was an executive Director within 12 months from the Latest Practicable Date. Accordingly, the non-exercise of the Sell-Back Right constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM is convened to be held for the purposes of considering and, if thought fit, approving the non-exercise of the Sell-Back Right. Pursuant to the Listing Rules, any Shareholder who has a material interest in the non-exercise of the Sell-Back Right (including the Vendors and their respective associates) would be required to abstain from voting for the resolution to approve the non-exercise of the Sell-Back Right at the EGM.

The Company made enquiries with Ms. Au regarding her shareholding in the Company and was notified that Ms. Au regarded herself to be interested in 11,014,920 Shares, representing approximately 0.38% of the issued share capital of the Company, and that save as disclosed herein neither she nor her associates was interested in any other Shares or underlying Shares. Ms. Au confirmed to the Company that: (a) save as disclosed herein neither she nor her associates was interested in any other Shares or underlying Shares; (b) she controlled and was entitled to exercise control over the voting rights in respect of 11,014,920 Shares; and (c) she will abstain from voting for the resolution regarding the non-exercise of the Sell-Back Right at the EGM (the "**Relevant Resolution**").

The Company made enquiries with Mr. Chung regarding his shareholding in the Company and was notified that Mr. Chung regarded himself to be interested in 22,806,851 Shares, representing approximately 0.79% of the issued share capital of the Company, and that save as disclosed herein Mr. Chung was not interested in any other Shares or underlying Shares. In accordance with the Listing Rules, Mr. Chung will be required to abstain from voting for the Relevant Resolution due to Mr. Chung's material interest in the transaction. The Company will instruct the proxy and vote taker and scrutineer of the EGM to bring to the attention of the chairman of the EGM any votes purported to be cast on Shares registered in the name of Mr. Chung as regards the Relevant Resolution, such that the chairman of the EGM will disregard those votes and disclose the chairman's decision at the voting results announcement of the EGM.

Save for Ms. Au and Mr. Chung, the Directors are not aware of any other Shareholders who have a material interest in the non-exercise of the Sell-Back Right or required to abstain from voting for the resolution regarding the non-exercise of the Sell-Back Right at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. David Tsoi, Mr. Wu Hong, and Mr. Wang Chunlin, was established to advise the Independent Shareholders regarding the non-exercise of the Sell-Back Right. Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the non-exercise of the Sell-Back Right.

RECOMMENDATION

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the non-exercise of the Sell-Back Right is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote for the resolution(s) to approve the non-exercise of the Sell-Back Right. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser before deciding how to vote on the resolution(s) relating to the non-exercise of the Sell-Back Right to be proposed at the EGM.

SHAREHOLDERS HAVING A MATERIAL INTEREST ARE REQUIRED TO ABSTAIN IN VOTING

Pursuant to Rule 2.15 of the Listing Rules, where a transaction is subject to shareholders' approval, any shareholder that has a material interest in the transaction shall abstain from voting on the resolutions approving the transaction at the general meeting. Pursuant to Rule 2.16 of the Listing Rules, for the purpose of determining whether a shareholder has a material interest, relevant factors include: (1) whether the shareholder is a party to the transaction or arrangement or a close associate of such party; and (2) whether the transaction confers upon the shareholder or his close associate a benefit (whether economic or otherwise) not available to the other shareholders of the issuer. Pursuant to the note to Rule 2.16, the references to "close associate" shall be changed to "associate" where the transaction is a connected transaction under Chapter 14A of the Listing Rules.

Ms. Au is a connected person of the Company as she was an executive Director within 12 months from the Latest Practicable Date. Ms. Au confirmed to the Company that: (a) save as the 11,014,920 Shares disclosed herein neither she nor her associates was interested in any other Shares or underlying Shares; (b) she controlled and was entitled to exercise control over the voting rights in respect of 11,014,920 Shares; and (c) she will abstain from voting for the Relevant Resolution at the EGM.

To the best knowledge and belief of the Directors having made all reasonable enquiries, Mr. Chung is not a connected person of the Company as defined in the Listing Rules. As Mr. Chung is a party to the transaction, Mr. Chung and his close associates shall abstain from voting on the Relevant Resolution at the EGM. Under Rule 1.01 of the Listing Rules, "close associate" in relation to an individual means: (i) his spouse; (ii) any child or step-child, natural or adopted, under the age of 18 years of the individual or of his spouse (which together with the interest of spouse, the "family interests"); (iii) the trustees, acting in their capacity as trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object; and (v) any company in the equity capital of which he, his family interests, and/or any of the trustees referred to above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this company.

The Company made enquiries with Mr. Chung regarding his shareholding in the Company and was notified that Mr. Chung regarded himself to be interested in 22,806,851 Shares, representing approximately 0.79% of the issued share capital of the Company, and that save as disclosed herein Mr. Chung was not interested in any other Shares or underlying Shares. Under Article 76(2) of the articles of association of the Company, where the Company has any knowledge that any member is, under the rules of the designated stock exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted. The Company will instruct the proxy and vote taker and scrutineer of the EGM to bring to the attention of the chairman of the EGM any votes purported to be cast on Shares registered in the name of Mr. Chung as regards the Relevant Resolution, such that the chairman of the EGM will disregard those votes and disclose the chairman's decision at the voting results announcement of the EGM. Under Article 77 of the articles of association of the Company, the decision of the chairman on matters relating to voter's qualification, counting and disregarding of votes shall be final and conclusive.

CONFIRMATION OF NO MATERIAL INTEREST BY REGISTERED AND NON-REGISTERED SHAREHOLDERS

By signing on the proxy form for use at the EGM and voting in favour of or against the Relevant Resolution, the Shareholder or non-registered Shareholder is deemed to have confirmed, warranted and undertook (the "**No Material Interest Confirmation**") to the Company and all "specified recipients" (as defined in Section 384 of the SFO) that he/she/it (1) is not an associate of Ms. Au; (2) is not a close associate of Mr. Chung; and (3) has no material interest in the subject matter of the Relevant Resolution whether of him/her/it or his/her/its close associates.

The Company will distribute the No Material Interest Confirmation alongside the voting papers at the EGM. The chairman will also read the No Material Interest Confirmation at the EGM to bring it to the attention of Shareholders, proxies or representatives who attend the EGM. All corporate Shareholders and non-registered Shareholders who intend to appoint corporate representative(s) to attend and vote at the EGM are recommended to submit appointment letter(s) of corporate representative(s) which contains the No Material Interest Confirmation. In any event, any Shareholder or non-registered Shareholder who votes in favour of or against the Relevant Resolution through corporate representative or in person at the EGM is deemed to have given the No Material Interest Confirmation to the Company.

By giving your voting direction to CCASS or your securities brokers, banks, custodians or nominee companies (each an "**Intermediary**") and instructing the Intermediary to vote in favour of or against the Relevant Resolution at the EGM for you, a non-registered Shareholder is deemed to have given the No Material Interest Confirmation to the Intermediary and the Company. Any non-registered Shareholder who appoints corporate representative(s) to attend and vote in favour of or against the Relevant Resolution at the EGM is deemed to have given the No Material Interest Confirmation to the Intermediary and the Company. For the avoidance of doubt, it is the non-registered Shareholder who gives the voting direction (instead of CCASS or the Intermediaries) who will be responsible for the No Material Interest Confirmation.

If any Shareholder or non-registered Shareholder appoints the chairman of the EGM to be his/her/its proxy to attend and vote for him/her/it at the EGM (and any adjournment thereof) in respect of the Relevant Resolution without indicating the voting direction on the proxy form, the chairman of the EGM will abstain for the Relevant Resolution on behalf of such Shareholder or non-registered Shareholder.

The Company has sought legal advice from its legal adviser and is of the view that by incorporating the No Material Interest Confirmation in this circular, the notice of the EGM and the proxy form, the Company has used its best efforts in the circumstances with the view to sufficiently safeguarding the Company's interests.

IMPORTANT NOTICE TO ALL SHAREHOLDERS AND NON-REGISTERED SHAREHOLDERS WHO VOTE

All Shareholders who vote (which reference shall include all non-registered Shareholders who give voting directions to any Intermediary) in favour of or against Resolution No. 1 (each a "**Disinterested Voter**") is deemed to have confirmed, warranted and undertook to the Company and all "specified recipients" as defined in Section 384 of the SFO that he/she/it (1) is not an associate of Ms. Au; (2) is not a close associate of Mr. Chung; and (3) has no material interest in the subject matter of Resolution No. 1 whether of him/her/it or his/her/its close associates. By placing voting direction to vote for or against Resolution No. 1, each Disinterested Voter is deemed to have intended that the Company and all "specified recipients" should be entitled to, and would actually, rely on the said No Material Interest Confirmation. **Any Shareholders and non-registered Shareholders who cast or attempt to cast vote(s) (whether by proxy, corporate representative or in person and/or voting directions through securities brokers, banks, custodians or nominee companies or otherwise) in contravention with the No Material Interest Confirmation may face the following consequences: (1) having his/her/its votes disregarded by the Company if the breach is discovered before the announcement of the voting results; (2) civil remedies including injunctive reliefs to be sought by the Company in Court if the breach is discovered after the announcement of the voting results; and (3) criminal consequence under the SFO for knowingly or recklessly providing false and misleading information to, and was relied upon by, any "specified recipients".**

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice convening the EGM.

Yours faithfully
By order of the Board
Green International Holdings Limited
Yu Qigang
Chairman

GREEN INTERNATIONAL
Holdings Limited
格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED
格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2700)

28 December 2018

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION ON THE NON-EXERCISE OF SELL-BACK RIGHT

We have been appointed to form an independent board committee to consider and advise you on the non-exercise of the Sell-Back Right, details of which are set out in the circular issued by the Company to the Shareholders dated 28 December 2018 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 4 to 16 and pages 18 to 31 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the background of and reasons for the non-exercise of the Sell-Back Right and having taken into consideration the advice of the Independent Financial Adviser set out on pages 18 to 31 of the Circular, we concur with the view of the Independent Financial Adviser and consider that although the non-exercise of the Sell-Back Right is not in the ordinary and usual course of business of the Group, it is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the non-exercise of the Sell-Back Right.

Yours faithfully,
For and on behalf of the Independent Board Committee

Mr. David Tsoi	**Mr. Wu Hong**	**Mr. Wang Chunlin**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in the Circular.

红日资本有限公司
RED SUN CAPITAL LIMITED

28 December 2018

To: The Independent Board Committee and the Independent Shareholders of Green International Holdings Limited

Dear Sirs,

CONNECTED TRANSACTION
NON-EXERCISE OF SELL-BACK RIGHT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the non-exercise of the Sell-Back Right and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 28 December 2018 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 21 November 2014, the Company entered into the Acquisition Agreement with the Vendors pursuant to which the Company acquired from the Vendors the entire issued share capital of Rainbow Star for the maximum aggregate consideration of HK$217,000,000 (subject to adjustment mechanisms regarding the Profit Guarantee as set out in the Acquisition Circular and the 2018 PG Announcement), out of which HK$54,250,000 was settled in cash and the remaining consideration was settled by the issue of three equal tranches of convertible bonds by the Company, in the principal sum of HK$54,250,000 each, namely, the "**1st Marsa CB**", the "**2nd Marsa CB**" and the "**3rd Marsa CB**", respectively. Pursuant to the Acquisition Agreement, if the audited consolidated net profit after tax of Shenzhen Marsa ("**Marsa NPAT**") for the three years ended 31 December 2015, 2016 and 2017 is less than RMB20 million (i.e. the Profit Guarantee), the Company shall have a right to redeem and cancel in whole or part of the 1st, 2nd and 3rd Marsa CBs, respectively, at the nominal sum of HK$1 (the "**PG Failure Cancellation Right**") based on the formula stipulated in the Acquisition Circular.

Rainbow Star is an investment holding company whose principal asset is 70% indirect equity interests in Shenzhen Marsa which, together with its subsidiaries, are principally engaged in the provision of beauty and wellness related services. Since the completion of the Acquisition in May 2015, Rainbow Star and Shenzhen Marsa have become subsidiaries of the Group.

Pursuant to the Acquisition Agreement, if the Marsa NPAT is less than RMB20,000,000 for all three years ended 31 December 2015, 2016 and 2017, the Company shall have the right to sell, and require the Vendors to buy back, Rainbow Star at a consideration (the "**Sell-Back Consideration**") which is equivalent to the consideration already paid by the Company (the "**Sell-Back Right**").

As disclosed in the 2018 PG Announcement, Marsa NPAT fell short of the Profit Guarantee level of RMB20 million for all the three years ended 31 December 2015, 2016 and 2017. The Company exercised the PG Failure Cancellation Right to cancel part of the 1st, 2nd and 3rd Marsa CBs based on the fulfillment shortfall of the Profit Guarantee and thereafter redeemed all the Marsa CBs so remained after the said partial cancellation by issuing Shares (the "**Share Redemption Election Right**") at the conversion price of the Marsa CBs of HK$0.50 per Share (the "**Conversion Shares**"). The following table sets forth the actual Marsa NPAT, the fulfillment ratio as compared with the Profit Guarantee, the cancellation and remaining portions of each tranche of the Marsa CBs, and the number of Conversion Shares issuable by the Company pursuant to the exercise of the conversion right attaching to the Marsa CBs at the conversion price of HK$0.50 per Share:

For the year ended 31 December	**Actual Marsa NPAT** *(RMB)*	**Fulfillment ratio**	**Marsa CBs cancelled** *(HK$)*	**Marsa CBs remained** *(HK$)*	**Conversion Shares**
2015	6,618,000	33.09%	36,298,675	17,951,325	35,902,650
2016	4,525,280	22.62%	41,978,650	12,271,350	24,542,700
2017	2,244,000	11.22%	48,163,150	6,086,850	12,173,700
		Total	126,440,475	36,309,525	72,619,050

On 17 May 2018, the Company has allotted and issued 72,619,050 Conversion Shares. The consideration actually paid by the Company for the Acquisition was, therefore, adjusted downward from HK$217,000,000 to HK$90,559,525 (being the cash consideration paid in the amount of HK$54,250,000 plus the principal amount of HK$36,309,525 under the Marsa CB which remained after the partial cancellation and was subsequently converted into 72,619,050 Shares).

However, as disclosed in the 2018 Non-exercise Announcement, having considered the reasons as stated in Letter from the Board, the Company resolved to put forward to the Independent Shareholders at the EGM a proposal not to exercise the Sell-Back Right.

Ms. Au is a connected person of the Company as she was an executive Director within 12 months from the Latest Practicable Date. Accordingly, the non-exercise of the Sell-Back Right constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely, Mr. David Tsoi, Mr. Wu Hong and Mr. Wang Chunlin, has been formed to advise the Independent Shareholders on the non-exercise of the Sell-Back Right. All members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the Sell-Back Right and are thus suitable to give advice and recommendation to the Independent Shareholders.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and to give our opinion in relation to the non-exercise of the Sell-Back Right for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company. The date of the relevant circular and our letter of advice was 28 February 2018 and the nature of the transactions was a connected transaction relating to the convertible bond subscription agreement entered into between the Company and Hong Kong Sheen Smile International Investment Limited dated 26 January 2018. Apart from the abovementioned role of independent financial adviser and acting as the Independent Financial Adviser in relation to the non-exercise of the Sell-Back Right, we have not acted in any other capacity for the Company in the past two years.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information and representations provided by the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the non-exercise of the Sell-Back Right, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the non-exercise of the Sell-Back Right and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background and financial information of the Group

The Group is principally engaged in health and medical services, beauty and wellness services, and integrated financial services comprising money-lending, securities brokerage, advising on securities and asset management. Set out below is the key financial results of the Group for the year ended 31 December 2017 and for the six months ended 30 June 2018 as extracted from (i) the annual report of the Company for the year ended 31 December 2017 (the "**2017 Annual Report**"); and (ii) the interim report of the Company for the six months ended 30 June 2018 (the "**2018 Interim Report**"):

	For the six months ended 30 June			**For the year ended 31 December**		
	2018	**2017**	**Change**	**2017**	**2016**	**Change**
	HK$'000	*HK$'000*	*%*	*HK$'000*	*HK$'000*	*%*
	(unaudited)	*(unaudited)*		*(audited)*	*(audited)*	
Revenue	41,073	22,233	84.7	54,320	46,960	15.7
Gross profit	30,279	17,278	75.2	44,501	38,147	16.6
(Loss) for the year/period	(28,774)	(50,610)	(43.1)	(322,239)	(132,943)	142.4

	As at 30 June		As at 31 December		
	2018	**Change**	**2017**	**2016**	**Change**
	HK$'000	*%*	*HK$'000*	*HK$'000*	*%*
	(unaudited)		*(audited)*	*(audited)*	
Bank balances (general accounts) and cash	45,536	72.1	26,458	24,514	7.9
Net current (liabilities)/assets	(27,153)	(84.0)	(169,817)	148,131	Not applicable
Total equity	84,801	Not applicable	(80,069)	244,782	Not applicable

For the years ended 31 December 2016 and 2017

The Group recorded revenue of approximately HK$54.3 million for the year ended 31 December 2017, representing an increase of approximately 15.7% as compared to revenue of approximately HK$47.0 million for the year ended 31 December 2016. According to the 2017 Annual Report, the increase in revenue was attributable to the increase in revenue generated from the Group's health and medical business, which was mainly due to the launch of promotion and business development campaigns and the implementation of cost-control policies by the Group's clubhouse business in Shenzhen since June 2017.

The Group recorded loss for the year ended 31 December 2017 of approximately HK$322.2 million, representing an increase of approximately 142.4% as compared to loss for the year ended 31 December 2016 of approximately HK$132.9 million. Such loss was mainly attributable by (i) the operating loss from the beauty and wellness business in the amount of approximately HK$51.9 million, which includes the impairment loss of trademark user right and technical know-how of approximately HK$62.6 million; (ii) the impairment loss of loan and interest receivables of approximately HK$30.6 million; (iii) the impairment loss of promissory notes receivables of approximately HK$165.6 million and the change in fair value of call options in the amount of approximately HK$11.0 million; and (iv) impairment loss of prepayments and other receivables of approximately HK$7.8 million.

As at 31 December 2017, the Group recorded (i) bank and cash balance of approximately HK$26.5 million, representing an increase of approximately 7.9% as compared to HK$24.5 million as at 31 December 2016; (ii) net current liability of approximately HK$169.8 million, as compared to net current asset of HK$148.1 million as at 31 December 2016; and (iii) total equity of approximately negative HK$80.1 million, as compared to total equity of approximately HK$244.8 million as at 31 December 2016. Such decrease in total equity was mainly attributable to the combined effect of (i) the increase in loan from a related company of approximately HK$101.8 million; and (ii) the decrease in promissory note receivables of approximately HK$154.2 million.

For the six months ended 30 June 2017 and 2018

The Group recorded revenue of approximately HK$41.1 million for the six months ended 30 June 2018, representing an increase of approximately 84.7% as compared to approximately HK$22.2

million for the six months ended 30 June 2017. According to the 2018 Interim Report, the increase in revenue was mainly attributable to the increase in revenue generated from the Group's health, medical and related business of approximately HK$13.8 million, which was mainly due to the financial impact resulted in the implementation of cost-control policies by the Group's clubhouse business in the PRC since June 2017.

The Groups recorded loss for the year ended 30 June 2018 of approximately HK$28.8 million, representing a decrease in loss of approximately 43.1% as compared to loss for the year ended 30 June 2017 of approximately HK$50.6 million. Such improvement was mainly attributable to the overall financial performance of the business segments of health and medical business and beauty and wellness business improved during the six months ended 30 June 2018.

As at 30 June 2018, the Group recorded (i) bank and cash balance of approximately HK$45.5 million, representing an increase of approximately 72.1% as compared to HK$26.5 million as at 31 December 2017; (ii) net current liabilities of approximately HK$27.2 million, representing a decrease of approximately 84.0% as compared to net current liabilities of HK$169.8 million as at 31 December 2017; and (iii) total equity of approximately HK$84.8 million, as compared to total equity of approximately negative HK$80.1 million as at 31 December 2017. The improvement of total equity as at 30 June 2018 was mainly attributable the combined effect of (i) goodwill of approximately HK$54.2 million; and (ii) increase in bank balance of approximately HK$19.0 million; and partly offset by (iii) the increase in obligations under finance lease of approximately HK$33.4 million; and (iv) the increase in financial liabilities at fair value through profit or loss of approximately HK$16.6 million.

2. Information on the economy of and the beauty industry in the PRC

Based on information published by the National Bureau of Statistics of the PRC, the gross domestic product of the PRC recorded a year-on-year increase of approximately 6.9% in 2017. In the first half of 2018, the gross domestic product of the PRC recorded a year-on-year growth of approximately 6.8%. In addition, the retail sales of cosmetic products (which include wholesale and retail enterprises) recorded a year-on-year growth of approximately 13.1% in 2017.

As set out in the Letter from the Board, according to the "China Beauty and Hairdressing Development Report (中國美容美髮行業發展報告)" prepared by Ministry of Commerce of the PRC, the total revenue of beauty and hairdressing business in the PRC increased from approximately RMB264.6 billion in 2013 to approximately RMB312.9 billion in 2016, representing a CAGR of approximately 5.8%. With the support of various governmental policies, such as tax and fee reduction (減稅降費), "reform of the supply side (供給側改革)" and promotion of "public entrepreneurship, innovation by the public (大眾創業、萬眾創新)", the quality and efficiency of the beauty business have been improved. According to a research conducted by Qianzhan Industry Institute (前瞻產業研究院), the total revenue of beauty and hairdressing business in the PRC is expected to continue to grow in the next few years, and will reach RMB500 billion in 2020.

Accordingly, we noted that there is a positive trend in the prospect of the beauty and wellness service industry in the PRC.

3. Information on Shenzhen Marsa Group

As set out from the Letter from the Board, Shenzhen Marsa Group is principally engaged in the provision of beauty and wellness related services. Set forth below is (i) the audited financial information of the Shenzhen Marsa Group for the three years ended 31 December 2017 as extracted from the audited consolidated financial statements of the Company for the relevant years prepared in accordance with the Hong Kong Financial Report Standards; and (ii) the unaudited financial information of the Shenzhen Marsa Group for the six months ended 30 June 2017 and 30 June 2018 as extracted from the unaudited consolidated financial statements of the Company for the relevant periods prepared in accordance with the Hong Kong Financial Report Standards:

	For the six months ended 30 June			**For the year ended 31 December**				
	2018	**2017**	**Change**	**2017**	**2016**	**Change**	**2015**	**Change**
	(unaudited)	*(unaudited)*		*(audited)*	*(audited)*		*(audited)*	
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	17,547	14,683	19.5	33,035	28,472	16.0	17,432	63.3
Net profit before tax	2,857	438	552.3	3,602	6,413	(4.4)	8,725	(26.5)
Net profit after tax	3,113	181	1,619.9	2,244	4,525	(50.4)	6,618	(31.6)

For the year ended 31 December 2015 and 2016

Shenzhen Marsa Group recorded revenue of approximately RMB28.5 million for the year ended 31 December 2016, representing an increase of approximately 63.3% compared to approximately RMB17.4 million for the year ended 31 December 2015. The increase in revenue was mainly attributable to the increase in customers as a result of business development, in particular the opening of beauty and wellness centers. For the year ended 31 December 2016, consolidated net profit after tax of Shenzhen Marsa was approximately RMB4.5 million, representing a decrease of approximately 31.6% compared to approximately RMB6.6 million for the year ended 31 December 2015. Such decrease was mainly attributable to a non-recurring item of one-off income in relation of receipt of equipment for the year ended 31 December 2015.

For the year ended 31 December 2016 and 2017

Shenzhen Marsa Group recorded revenue of approximately RMB33.0 million for the year ended 31 December 2017, representing an increase of approximately 16.0% compared to approximately RMB28.5 million for the year ended 31 December 2016. The increase in revenue was mainly attributable to the increase in products sales and launch of promotional event. For the year ended 31 December 2017, consolidated net profit after tax of Shenzhen Marsa was approximately RMB2.2 million, representing a decrease of approximately 50.4% compared to approximately RMB4.5 million for the year ended 31 December 2016. Such decrease was mainly attributable to the increase in cost of revenue as a result of the increase in direct cost and labour cost.

For the six months ended 30 June 2017 and 2018

Shenzhen Marsa Group recorded revenue of approximately RMB17.5 million for the six months ended 30 June 2018, representing an increase of approximately 19.5% compared to approximately RMB14.7 million for the six months ended 30 June 2017. The increase in revenue was mainly attributable to the launch of promotional events. For the six months ended 30 June 2018, consolidated net profit after tax of Shenzhen Marsa was approximately RMB3.1 million, representing an increase of approximately 1,619.9% compared to approximately RMB181,000 for the six months ended 30 June 2017. Such increase was mainly attributable to the implementation of cost-cutting measures, in particular, the closing down of two beauty and wellness centers which did not perform well, which results in the decrease in selling expenses and administrative expenses.

4. Reasons for and benefits of the non-exercise of the Sell-Back Right

As set out from the Letter from the Board, in determining whether or not to exercise of the Sell-back Right, the Directors has assessed the financial performance of the Shenzhen Marsa Group. The revenue of the Shenzhen Marsa Group increased from approximately RMB17.4 million for the year ended 31 December 2015 to approximately RMB28.5 million for the year ended 31 December 2016 and further to approximately RMB33.0 million for the year ended 31 December 2017, representing a CAGR of approximately 37.7%. The increase in revenue was mainly attributable to increase in customers, business development and launch of promotional events. Notwithstanding the growth in revenue, the consolidated net profit after tax of Shenzhen Marsa decreased from approximately RMB6.6 million for the year ended 31 December 2015 to approximately RMB4.5 million for the year ended 31 December 2016 and further to approximately RMB2.2 million for the year ended 31 December 2017. The decrease in consolidated net profit after tax of Shenzhen Marsa was mainly attributable to the increase in selling expenses and administrative expenses.

Moreover, as at 31 December 2017, the Shenzhen Marsa Group operated 10 beauty and wellness centers in Shenzhen, China. During the six months ended 30 June 2018, the Management underwent a thorough review of the business of the Shenzhen Marsa Group. Following discussions between the Management and the management of the Shenzhen Marsa Group, we noted that the Shenzhen Marsa Group has taken the following measures in the first half of 2018 with the view to improving its financial performance and profitability, namely: (i) closing down two beauty and wellness centers which did not perform well; (ii) opening a new beauty and wellness center in Shenzhen under the cooperation with a large enterprise in China; and (iii) signing a cooperation agreement with another large enterprise in China to explore opportunities of opening new beauty and wellness center in Shenzhen.

Accordingly, we had discussed with the Management, among others, (i) the cooperation agreements entered into by Shenzhen Marsa Group in 2018; (ii) the unaudited consolidated management account of Shenzhen Marsa Group for the six months ended 30 June 2018; and (iii) the abovementioned new measures taken by the Shenzhen Marsa Group during the six months ended 30 June 2018, we noted that the financial result of the Shenzhen Marsa Group had been improved when compared to that for the six months ended 30 June 2017 with the implementation of the abovementioned new measures by the management of the Shenzhen Marsa Group.

5. Valuation of Rainbow Star

Sell-Back Right

Pursuant to the Acquisition Agreement, if the Marsa NPAT is less than RMB20,000,000 for all three years ended 31 December 2015, 2016 and 2017, the Company shall have the right to sell, and require the Vendors to buy back, Rainbow Star at the Sell-Back Consideration which is equivalent to the Sell-Back Right. As disclosed in the 2018 PG Announcement, Marsa NPAT fell short of the Profit Guarantee level of RMB20 million for all the three years ended 31 December 2015, 2016 and 2017. The consideration actually paid by the Company for the Acquisition was, therefore, adjusted downward from HK$217,000,000 to HK$90,559,525 (being the cash consideration paid in the amount of HK$54,250,000 plus the principal amount of HK$36,309,525 under the Marsa CB which remained after the partial cancellation and was subsequently converted into 72,619,050 Shares).

The Valuation

To assess the fairness and reasonableness of the Sell-Back Consideration, the Group engaged the Independent Valuer to assess the market value of the entire issued share capital of Rainbow Star as at 30 June 2018 as set out in Appendix I to the Circular. According to the Valuation Report, the fair market value of the 100% equity interests in Rainbow Star as at the 30 June 2018 was HK$100,327,000, representing a premium of approximately 10.79% over the Sell-Back Consideration.

In this connection, we have (i) discussed with the Independent Valuer and reviewed, among others, the methodology, basis and key assumptions adopted in the Valuation Report; (ii) obtained and reviewed the terms of engagement; (iii) interviewed the Independent Valuer to assess their expertise and independence, in particular, as to their current or prior relationships with the Company and the Shenzhen Marsa Group and on their past relevant experience in carrying out similar valuation exercise, and the qualifications of the key team members, among others; (iv) reviewed the profit forecast of the Shenzhen Marsa Group prepared by the Management and discussed with the Management the key assumptions and basis adopted; and (v) the conclusion set out in the Valuation Report with the Independent Valuer.

Valuation methodology

We have reviewed the Valuation Report and discussed with the Independent Valuer regarding the methodology, basis and assumptions adopted in arriving at the Valuation as at 30 June 2018. As set out in the Valuation Report, the Independent Valuer has considered three generally accepted valuation approaches, namely the market approach, asset approach and income approach in arriving at the Valuation. Given that (i) the market approach is inappropriate as there are insufficient relevant comparable transactions to form a reliable basis for their opinion of value; and (ii) asset approach is not applied as the valuation of Rainbow Star is conducted on a going concern basis, and the cost of reproducing and replacing the assets is inappropriate as asset approach ignores the future economic benefit of the business of the Shenzhen Marsa Group as a whole, the Independent Valuer considers that income approach is the most appropriate method in determining the opinion of value as reasonable future projections could be estimated on the basis of historical financial results and potential future benefits. Having considered the abovementioned limitations in applying the market approach and asset approach, we consider that the income approach is an appropriate method in arriving at the Valuation.

Discount rate

When applying income approach to estimate the fair market value of the Rainbow Star, it is necessary to determine an appropriate discount rate under review. We note that the Independent Valuer has used the weighted average cost of capital ("**WACC**") to estimate the required rate of return on equity of the Rainbow Star. We understand that the WACC technique is widely accepted in the investment and financial analysis communities for the purpose of estimating required rate of return on equity of a company. In deriving the discount rate, the Independent Valuer has taken into account various factors including, among others (i) risk free rate; (ii) equity beta; (iii) market risk premium; (iv) size premium; (v) specific risk premium; (vi) cost of equity; (vii) weight of equity; and (viii) cost of debt. Please refer to section headed "Addendum II — Discount Rate Derivation" in the Valuation Report set out in Appendix I to the Circular for details of discount rate input and basis adopted by the Independent Valuer. Accordingly, we have discussed with the Independent Valuer regarding the major factors taken into consideration in deriving the discount rate, and noted that these factors are commonly used parameters in the industry when preparing valuation reports. In this regard, we have (i) reviewed the relevant source of information and calculations; (ii) discussed with the Independent Valuer the basis and assumptions of the major factors considered in deriving the discount rate, which is in line with common industry practice; (iii) noted that the size premium was determined with reference to a size premium study which is widely referred by the market; and (iv) conducted our independent research on these parameters including the risk free rate, size premium and cost of debt from public information and noted that the risk free rate, size premium and cost of debt adopted in the Valuation are in line with market. Having considered the above selection criteria used by the Independent Valuer when determining the discount rate, we consider that the criteria adopted are appropriate.

In arriving at the discount rate, the Independent Valuer has also taken into account a number of factors when selecting the comparable companies as to derive the discount rate to reflect the investment risks involved in the future cash flows of the Shenzhen Marsa Group, which includes (i) products; (ii) markets; (iii) earnings and growth; (iv) capital structure; (v) nature of competition; and (vi) the characteristics of driving underlying investment risk and expected rate of return of the Shenzhen Marsa Group. In this connection, although no comparable companies matching the criteria (i) publicly listed in the PRC (excluding Hong Kong); (ii) with principal place of business based in the PRC (excluding Hong Kong and/or Macau); and (iii) major revenue contribution from beauty salon (including beauty treatments and beauty products) and related services, were identified, the Independent Valuer had identified three comparable companies (the "**Comparable Companies**") based on the following criteria (i) listed on the Stock Exchange of Hong Kong; (ii) with principal place of business based in the Greater China region (including Hong Kong and Macau) and (iii) major revenue contribution from beauty salon and related services. Accordingly, we have discussed with the Independent Valuer and understand

(i) that due to there are limited available comparable companies which solely offer beauty salon (including beauty treatments and products) and related services in the PRC, given that the Comparable Companies are engaged in similar business activities and industry sector as the Shenzhen Marsa Group for several years, it is considered that the Comparable Companies are exposed to similar risks faced by the Shenzhen Marsa Group;

(ii) that it is a valuation practice that the business nature is a determinant factor in selecting guideline companies and the Independent Valuer is of the view that despite there are one or more slight differences among the Comparable Companies, they are considered to be appropriate to serve as the Comparable Companies to the Shenzhen Marsa Group; and

(iii) that to control difference between the Comparable Companies and Shenzhen Marsa Group, the Independent Valuer can apply weight or adjustments on the basis of his/her judgement and widely accepted methods or practices, without affecting the comparability of the comparable to the subject valuation and to accommodate the difference in operation location between the Comparable Companies and the Shenzhen Marsa Group, a discount rate has been adjusted by the Independent Valuer for country risk of the PRC by increasing the market equity risk premium on the basis of volatilities of China broad market index.

Having discussed and understand the above selection criteria of the Independent Valuer and reviewed the respective annual reports, in particular the geographical segments and business segments, and public information of the Comparable Companies, we are of the view that it is fair and reasonable to derive discount rate to reflect the investment risks involved in the future cash flows of the Shenzhen Marsa Group from these Comparable Companies and we consider that the above selection criteria adopted by the Independent Valuer are appropriate.

Forecast of operating revenue

Estimates on future operation and revenue of Shenzhen Marsa Group are conducted through analysis over revenue, costs, business development trends and growth movements. We note that the Independent Valuer has considered and relied to a considerable extent on the profit forecast of Shenzhen Marsa Group from June 2018 to December 2022 prepared by the Management (the "**Forecast**") when preparing the Valuation Report. Accordingly, we have discussed with the Management in relation to the basis and assumptions used when preparing the Forecast, and noted that the Management has considered the historical and estimated performance of the Shenzhen Marsa Group. In connection to the basis of projecting the revenue of the Shenzhen Marsa Group, we also noted that it was arrived at with reference to the macro economic growth of the PRC, the industry growth, historical growth of Shenzhen Marsa Group, as well as the measures the management of the Shenzhen Marsa Group has taken in the first half of 2018, in particular, (i) the opening a new beauty and wellness center in Shenzhen under the cooperation with a large enterprise in China; and (ii) signing a cooperation agreement with another large enterprise in China to explore opportunities of opening new beauty and wellness center in Shenzhen. We have also discussed with the Independent Valuer and understand they are of the view that the basis and assumptions used when preparing the Forecast are fair and representative. Based on the above, we consider that the assumptions used in the valuation are fair and reasonable.

Furthermore, we have also (i) discussed with the Independent Valuer and understand their view on the major items of the Forecast (including but not limited to the forecast of revenue and operating expense of the Shenzhen Marsa Group, and industry in which the Shenzhen Marsa Group operates) provided by the Management; (ii) reviewed the forecast schedules built by the Independent Valuer and the related breakdowns; (iii) reviewed the historical audited reports of the Shenzhen Marsa and its subsidiaries for the three years ended 31 December 2017, the consolidated management account of the Shenzhen Marsa Group prepared by the Management for the three years ended 31 December 2017, and management accounts of the Shenzhen Marsa Group for the six months ended 30 June 2018 and the related breakdown; (iv) discussed with the Management in relation to the measures taken in for the six months ended 30 June 2018 with the view to improving financial performance and profitability of the Shenzhen Marsa Group as mentioned above; and (v) reviewed the relevant agreement that support the relevant assumptions in the Valuation Report.

In particular, based on our review of the historical and estimated financial information provided by the Management, we note that the historical and estimated growth rate of revenue as well as the historical cost structure and growth trend of cost supported the projection of revenue and operation expenses of the Valuation. Based on the work performed as set out above, we are not aware of any factors which would cause us to doubt the fairness and reasonableness of the assumptions used in the Valuation.

Control premium and lack of marketability discount

Moreover, in view of the fact the Shenzhen Marsa Group is a private company, the Independent Valuer applied a lack of marketability discount rate (the "**DLOM**") of approximately 15.8% to the equity interest of the Shenzhen Marsa Group based on their analysis and market average. The discount rate is determined by the Independent Valuer with reference to the research result as published in 2018 edition of Stout Restricted Stock Study Companion Guide, a research study to assist the valuation profession in determining DLOM and is based on 744 private placement transactions of unregistered common issued by publicly traded companies from July 1980 through September 2017. We have reviewed an extract of 2018 edition of Stout Restricted Stock Study Companion Guide and noted that the overall median for the 744 abovementioned transactions in the study was 15.8%. Given that the 2018 edition of Stout Restricted Stock Study Companion Guide is an independent research study report which is designed to assist the valuation professional charged with determining DLOM, we concur with the view of the Independent Valuer that the DLOM of 15.8% as set out in 2018 edition of Stout Restricted Stock Study Companion Guide is a valid reference for determining the DLOM for Shenzhen Marsa Group and the DLOM of 15.8% applied to the valuation of the Rainbow Star is fair and reasonable.

Also, as the Company, through Rainbow Star, holds 70% of indirect equity interests in the Shenzhen Marsa Group, the Independent Valuer applied a control premium of approximately 22.0% to reflect the Company's majority control over corporate polices the Shenzhen Marsa Group like election of directors or selection of management, acquisition or liquidation of assets, control over dividend policy, ability to set corporate strategies, ability to affect future earnings, etc. The control premium of approximately 22.0% was determined by the Independent Valuer with reference to the research result as published in FactSet MergerStat Review 2018, a guide providing empirical support for quantifying control premiums, implied minority discounts and public company valuation multiples with nearly 19 years of transaction data. We have reviewed FactSet MergerStat Review 2018 and noted that the median percent premium offered for acquiring a controlling equity interest to that for a minority interest was approximately 22.0%. Given that FactSet MergerStat Review 2018 is an independent research study report which provides data and statistics on recent merger and acquisition transactions, we concur with the view of the Independent Valuer that the control premium of approximately 22.0% as set out in FactSet MergerStat Review 2018 is a valid reference for determining the control premium for the shares of the Shenzhen Marsa Group and the control premium of approximately 22.0% applied to the valuation of the Shenzhen Marsa Group is fair and reasonable.

Sensitivity analysis

The Independent Valuer also conducted sensitivity analysis and profile the results based on a 1.0% variation from both the revenue growth rate and the derived discount rate. To ascertain the reasonableness of the selection of the range for both the revenue growth rate and the discount rate, we discussed with the Independent Valuer and were informed that the range is in line with the industry practice and consistent with their experience in other similar transactions. We note that the range of both the revenue growth rate and the discount rates of other similar transactions fell within that of the selective range of both the revenue growth rate and the discount rate. We have obtained relevant information and interviewed the Independent Valuer to assess the fairness and reasonableness of the discount rate, the discount for lack of marketability and the discount of minority interests, and concur with the view of the Independent Valuer that the factors for the discount rate used in the Valuation Report are in line with market practice.

General assumptions

We have also reviewed the general assumptions including, among others, (i) no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Shenzhen Marsa Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Shenzhen Marsa Group; (ii) no material changes in the business strategy of the Shenzhen Marsa Group and its expected operating structure; (iii) the Shenzhen Marsa Group would continue as a going concern, the Shenzhen Marsa Group will successfully carry out all necessary activities for the development of its business; and (iv) key management, competent personnel and technical staff will all be retained to support the ongoing operation of the Shenzhen Marsa Group. Please refer to paragraph headed "12. Valuation assumption" in the Valuation Report set out in Appendix I to the Circular for details of key assumptions adopted by the Independent Valuer. In order to understand the relevant assumptions used in the Valuation, we have discussed with the Independent Valuer and the Independent Valuer has confirmed that the relevant underlying assumptions adopted in the Valuation are normally used and fair and reasonable. Based on the review and discussion with the Independent Valuer, we consider that the key assumptions used in the Valuation are fair and reasonable.

Alternative assessment

Apart from referencing to the Valuation Report prepared by the Independent Valuer, we have also tried to assess the value of the Shenzhen Marsa Group by using the commonly adopted approaches in evaluation of a company, namely price-to-earnings ratio and price-to-book ratio. However, we noted that the consolidated net profit after tax of Shenzhen Marsa had increased significantly by approximately 1,619.9% from approximately HK$181,000 for the six months ended 30 June 2017 to approximately RMB3.1 million for the six months ended 30 June 2018 and in this regard, we concur with the view of the Independent Valuer as disclosed in the Valuation Report in section headed 11.

Valuation Analysis — 11.1 Methodology in Appendix I to the Circular and consider price-to-earnings ratio and price-to-book ratio are not an appropriate valuation benchmark in assessing the fairness and reasonableness of the non-exercise of the Sell-Back Right as the historical price-to-earnings ratio and price-to-book ratio, which are calculated by using historical financial metrics of Shenzhen Marsa Group, are not representative of the recent improving operations and the future business performance of the Shenzhen Marsa Group.

Conclusion

In assessing the fairness and reasonableness of the non-exercise of the Sell-Back Right, we have considered that (i) the reasons and the benefit of the non-exercise of the Sell-Back Right as set out in "4. Reasons for and benefits of the non-exercise of the Sell-Back Right" above; (ii) the relevant qualification and experience of the Independent Valuer; (iii) the information as set out in the Valuation Report in Appendix I to the Circular; and (iv) the Valuation set out in the Valuation Report, we concur with the Directors that the non-exercise of the Sell-Back Right is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Since not every sale and purchase agreement in relation to an acquisition included terms with similar nature as the Sell-Back Right, we are of the opinion that the non-exercise of the Sell-Back Right shall not be regarded as conducted in its ordinary and usual course of business. However, having taken into consideration the factors and reasons stated above, we are of the opinion that the non-exercise of the Sell-Back Right is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the non-exercise of the Sell-Back Right.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent valuer, in connection with its valuation as at 30 June 2018 of the fair market value of the entire issued share capital of the Rainbow Star.

Graval Consulting Limited
Unit 1026A, Ocean Centre
Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

28 December 2018

The Board of Directors
Green International Holdings Limited
Suite 2208 — 09, 22/F
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Dear Sirs,

Re : Valuation of 100% equity interests in Rainbow Star Global Limited

In accordance with your instructions, we have conducted a valuation of the fair market value of the 100% equity interests in Rainbow Star Global Limited ("**Rainbow Star**" and together with its subsidiaries, "**RS Group**"), a wholly-owned subsidiary of Green International Holdings Limited ("**Company**" and together with its subsidiaries, "**Group**"). Rainbow Star is an investment holding company incorporated in British Virgin Islands which indirectly holds 70% equity interests in an operating company known as 深圳市瑪莎嘉兒連鎖實業有限公司 (unofficially translated in "Shenzhen Marsa Guer Chain Enterprise Ltd." and hereinafter, "**Marsa**" and together with its subsidiaries, "**Marsa Group**"), a PRC incorporated private company, of which together with its subsidiaries are principally engaged in the operations of beauty and wellness shops, medical licensed beauty center and wholesale of beauty products and the cooperation with hotels for the provision of beauty and wellness related services in the People's Republic of China ("**PRC**" or "**China**"). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair market value of Rainbow Star as at 30 June 2018 ("**Valuation Date**").

This report states the purpose of valuation and premise of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is being prepared solely for the directors and management of the Company for reference and incorporation into the public circular of the Company in connection with the proposed non-exercise of sell-back right ("**Sell-Back Right**") by the Company over the entire issued share capital of Rainbow Star.

The exercise of the Sell-Back Right, if materialized, and the corresponding transaction price would be the result of negotiations between the transacting parties. The directors and management of the Company should be solely responsible for decision of exercising or not exercising the Sell-Back Right and determining the consideration upon exercise of the Sell-Back Right, in which Graval Consulting Limited ("**Graval**") is not involved in the negotiation and has no comment on the agreed consideration. Furthermore, Graval assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2. PREMISE OF VALUE

Our valuation has been prepared in accordance with the International Valuation Standards ("**IVS**") published by the International Valuation Standards Council and the RICS Valuation — Global Standards 2017 ("**RICS Standards**") published by the Royal Institution of Chartered Surveyors, where applicable.

Our valuation is based on the going concern premise and conducted on a fair market value basis. **Fair market value** is defined as the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

3. SOURCES OF INFORMATION

We relied on the following major documents and information in our valuation analysis. Some of the information and materials are furnished by the management of RS Group, the Company and their representatives (collectively, "**Management**"). Other information is extracted from public sources such as government sources, HKEX news, Bloomberg and Duff & Phelps, LLC, etc.

The major documents and information include the following:

- Business license of Marsa Group;
- Official website(s) of Marsa;
- Cooperation agreement dated 9 August 2018 ("**Cooperation Agreement I**") entered into between Marsa Group and an independent third party ("**Cooperation Partner I**");
- Cooperation agreement dated 3 August 2018 ("**Cooperation Agreement II**" and together with the Cooperation Agreement I, "**Cooperation Agreements**") entered into between Marsa Group and an independent third party ("**Cooperation Partner II**" and together with the Cooperation Partner I, "**Cooperation Partners**");
- Announcement(s) and/or circular(s) made by the Company in relation to Marsa Group;
- Audited annual reports and unaudited interim reports of the Group;
- Historical financial information of Marsa Group including the income statements and balance sheets provided by the Management; and

- Projections of Marsa Group prepared and provided by the Management.

In the course of our valuation, we had discussion with the Management on the industry and the development of Marsa Group. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of value.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

In arriving at our opinion of value, it was assumed that the projections provided to us were based on the assumptions reflecting the best available estimates, judgment and knowledge of the Management in relation to the proposed operations and are reasonable, reflecting market conditions and economic fundamentals. However, we do not express any opinion regarding the accuracy of the projections provided by the Management.

We do not express an opinion as to whether the actual results of the operations of Marsa Group will approximate the projections because assumptions regarding future events by their nature are not capable of independent substantiation. We are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

4. COMPANY PROFILE

4.1. Green International Holdings Limited

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2006. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Group is principally engaged in provision of (i) health and medical services, (ii) beauty and wellness services, (iii) integrated financial services comprising money-lending, securities brokerage and asset management.

4.2. Rainbow Star Global Limited

Rainbow Star is an investment holding company incorporated in the British Virgin Islands with limited liability. Rainbow Star holds the entire issued share capital of Health Gold Holdings Limited ("**Health Gold**"), which in turn owns 70% equity interests in Marsa. As represented by the Management, Rainbow Star has no business operations except for holding the equity interests in Health Gold.

4.3. Shenzhen Marsa Guer Chain Enterprise Ltd.

Marsa is a limited liability company incorporated in the PRC on 8 August 2002 with registered capital of RMB10,000,000. The scope of business is confined to wholesale, export and import of daily cosmetics goods and relevant support business; body image design and consultancy; cosmetics services. Marsa directly holds the entire equity interests in two operating subsidiaries, namely 深圳市瑪莎康盈生物科技有限公司(unofficially translated in "Shenzhen Marsa Kangying Biotechnology Company Limited") and 深圳市瑪莎麗之莎諮詢管理有限公司(unofficially translated in "Shenzhen Marsa Lizhisha Consultancy Management Company Limited").

5. BUSINESS OVERVIEW

Marsa Group is principally engaged in the operations of beauty and wellness shops, medical licensed beauty center and wholesale of beauty products and the cooperation with hotels for the provision of beauty and wellness related services in the PRC. Marsa Group provides beauty products and wellness services under brand name of "瑪莎". By leveraging its past experiences, expertise and professional beautician teams, Marsa Group has successfully developed a network of beauty and wellness services centers and shops in China with advanced beauty and cosmetics equipment and modern decoration, aiming to provide a relaxing and comfortable environment to customers. Other related businesses include development & research and sale of skin care and beauty products, beauty equipment & accessories and healthcare and nutritional supplements such as herbal teas. Over the past years, Marsa Group received a number of awards as recognition of its quality services and products. As represented by the Management, Marsa Group generates revenue from the following two major operating segments:

Self-operating Beauty and Wellness Centers

As of the date of this report, Marsa Group operates 8 beauty and wellness shops and centers located in Shenzhen, which sells a wide variety of beauty and cosmetics products and provides medical beauty services, medical hairdressing, oral administration, anti-aging and cosmetic surgery to the customers. The gross floor area of these shops and centers range from approximately 248 sq.m. to 955 sq.m. There are in total 118 staff appointed by Marsa Group, of which 95 are beauty consultants and beauticians. This operating segment has been the major revenue source of Marsa Group.

Contracting Management of Beauty and Wellness Centers

Pursuant to the Cooperation Agreement I, Marsa Group will offer spa, healthcare, anti-aging, beauty and wellness related services on a profit-sharing basis at the premise ("**Operating Premise I**") located at a hotel owned and managed by the Cooperation Partner I and situated in Shenzhen for a term of 5 years with a renewal option upon expiry. The hotel owned and managed by the Cooperation Partner I is a four-star hotel with 1,035 rooms, covering a total gross floor area of approximately 60,012 sq.m. The Operating Premise I has a total gross floor area of approximately 450 sq.m. The renovation expenses and monthly rental of the Operating Premise I will be waived by the Cooperation Partner I. Marsa Group will undertake all the investments and maintenance of the beauty and cosmetics equipment and also be responsible for the recruitment of staff and relevant expenses. The Management expects the Operating Premise I to open for services in fourth quarter of 2018.

The Cooperation Partner I is a group entity of a leading telecommunication equipment company in the PRC ("**Cooperation Partner I Group**"). Cooperation Partner I Group, through its subsidiaries including the Cooperation Partner I, provides premium and integrated business travel services and solutions to its own group entities and its business counterparts and other mid-and-large sized enterprises, including conference/exhibition planning and execution, event hosting, catering, banquet services and hotel management. As represented by the Management, as of the date of this report, there are in total 5 hotels managed by the Cooperation Partner I Group.

In addition, according to the Cooperation Agreement II, Marsa Group will offer spa, healthcare, anti-aging, beauty and wellness related services on a profit-sharing basis at the premise ("**Operating Premise II**") located at 深圳灣科技生態園 (unofficially translated in "Shenzhen Bay Science and Technology Ecological Park") for a term ending in January 2022 with a renewal option upon expiry. The Operating Premise II covers an area of approximately 243.97 sq.m. owned by the Cooperation Partner II, a company principally engaged in provision of health management services and solutions. The renovation expenses and monthly rental of the Operating Premise II will be waived by the Cooperation Partner II. Marsa Group will undertake all the investments and maintenance of the beauty and cosmetics equipment and also be responsible for the recruitment of staff and relevant expenses. The Management expects the opening of the Operating Premise II in third quarter of 2018.

The Management is of the view that the Cooperation Agreements enable Marsa Group to expand its customer base by providing services to business travellers, especially the staff of the Cooperation Partner I Group. To strengthen its business and working relationship with the Cooperation Partner I Group, it is the future plan of the Management to procure similar business models for other hotels owned and operated by the Cooperation Partner I Group. Therefore, the Management expects this operating segment will become a key revenue generating unit to Marsa Group.

6. FINANCIAL REVIEW

The following two tables set forth the historical selected financial result of Marsa Group for the year ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018 ("**Track Record Period**"). We have only reviewed the combined financial accounts of Marsa Group provided by the Management without independent verification.

	Year ended 31 December			Six months ended 30 June
	2015[1]	2016[1]	2017[1]	2018[2]
(RMB'000)				
Revenue	17,432	28,472	33,035	17,547
Gross profit	15,706	25,593	27,965	15,681
EBIT	3,877	6,168	3,295	2,741
Net profit	6,618	4,525	2,244	3,113
Adjusted net profit[3]	3,371	4,525	2,244	3,113
Total assets	27,724	37,739	38,115	37,398
Net assets	10,146	14,671	16,791	19,647

** Figures above are subject to rounding*

Table 1: Key financial performance of Marsa Group

Source: The Management

Notes:

1) The results were audited results.

2) The results were unaudited results.

3) The results were adjusted for other revenue and extraordinary incomes or expenses.

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
Revenue growth	n/a	63%	16%	6%[1]
Gross profit margin	90%	90%	85%	89%
EBIT growth	n/a	59%	-47%	66%[1]
EBIT margin	22%	22%	10%	16%
Net profit margin	38%	16%	7%	18%
Adjusted net profit growth	n/a	34%	-50%	177%[1]
Adjusted net profit margin	20%	16%	7%	18%
Return on equity[2]	33%	31%	13%	32%[1]
Return on total assets[2]	12%	12%	6%	17%[1]

** Figures above are subject to rounding*

Table 2: Key financial ratio of Marsa Group

Source: The Management

Notes:

1) The results were based on annualized figures.

2) The results were based on adjusted net profit

After discussion with the Management, the following highlights the major financial performance of Marsa Group over the Track Record Period:

- Revenue of Marsa Group increased from RMB17.43 million in FY2015 to RMB33.04 million in FY2017, representing a CAGR of 37.64%, and revenue for the six months ended 30 June 2018 amounted to approximately RMB17.55 million;

- Revenue growth was mainly driven by the increase in products sales and launch of promotional event;

- Gross profit margin was relatively stable and averaged around 89%, comparable to the corresponding industry average of 87%;

- Average EBIT margin was around 18%, slightly higher than the comparable industry median of 16%;

- Decreased in EBIT margin in FY2017 was mainly attributable to higher direct cost and labour cost but the ratio bounced back to comparable industry level of 16% for the six months ended in June 2018 as the Management decided to cut loss and costs by closing 2 beauty and wellness centers which performed not well after review of business performance;

- There was a non-recurring item of one-off income in relation to receipt of equipment in FY2015;
- After removal of the non-recurring item, the adjusted net profit was up from RMB3.37 million in FY2015 to RMB4.53 million in FY2016 but dropped to RMB2.24 million in FY2017 which was caused by higher direct cost and labour cost;
- For six months ended 30 June 2018, as a result of better cost control and closing down of loss-making centers, Marsa Group recorded net profit of RMB3.11 million, exceeding the full year net profit in FY2017;
- Net profit margin averaged 20%, higher than the comparable industry median of 13%;
- For six months ended 30 June 2018, total assets and net assets were RMB37.40 and RMB19.65 million respectively, comprising mainly property, plant & equipment, inventories and unearned revenue.

7. ECONOMIC OVERVIEW

This section of economic overview is based on the research conducted by Hong Kong Trade Development Council ("**HKTDC**"), Frost & Sullivan ("**F&S**") and iResearch.

China's GDP grew by 6.8% in the first quarter of 2018 and 6.7% in the second quarter of 2018. The added-value industrial output grew by 6.0% in July 2018, staying flat against June 2018. Fixed assets investment grew by 5.5% in between January and July 2018, down from 6.0% in January to June 2018. Retail sales increased by 9.3% between January and July 2018, slightly down from 9.4% in January to June 2018. Inflation stood at 2.1% in July 2018, with food prices increased by 0.5% and non-food prices increased by 2.4%. In July 2018, exports (in terms of USD) increased by 12.2%, while imports (in terms of USD) increased by 27.3%, resulting in a trade surplus of USD28.1 billion. The Manufacturing Purchasing Managers' Index down from 51.5 in June 2018 to 51.2 in July 2018.

	January to July 2018	
	Value	**Growth (%)**
Gross domestic product (RMB billion)	41,896	6.8
GDP per capita (RMB)	n/a	n/a
Fixed asset investment (RMB billion)	35,580	5.5
Added-value of industrial output	n/a	6.6
Consumer goods retail sales	21,075	9.3
Inflation rate (%)	n/a	2.1

Table 3: Major economic indicator of China

Source: HKTDC

Consumption Economy

China has been experiencing economic growth in recent years, along with a steady increase in the average income level of its residents. From 2013 to 2017, the per capita annual disposable income of Chinese residents increased from RMB18,311 to RMB25,974, representing a CAGR of 9.1%. The per capita annual disposable income of Chinese residents is expected to grow at a CAGR of 9.3% during the period from 2017 to 2022.

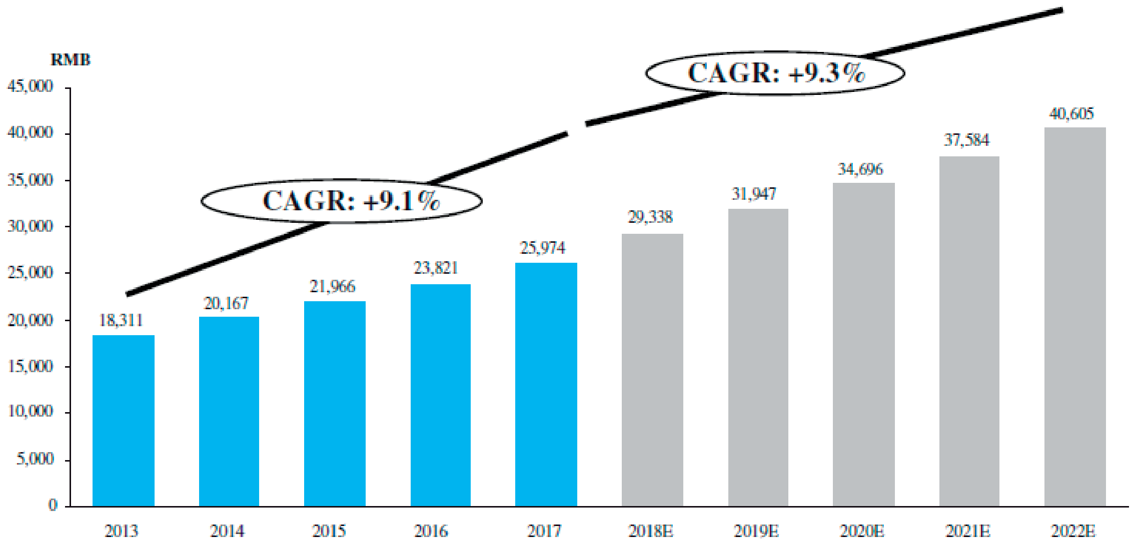

Figure 1: Per capita annual disposable income of Chinese residents, 2013 — 2022E

Source: National Bureau of Statistics of China, F&S

The growth of per capita annual disposable income of Chinese residents has stimulated the Chinese consumption economy, fuelled by (i) rising income and expansion of the middle class, which translated into consumers willing to pay higher prices for products and services that improve the quality of life; (ii) the growth of a new generation of consumers who enjoy shopping and leisure activities more than the older generation; and (iii) the development of online shopping which offers a better and more convenient shopping which offers a better and more convenient shopping experience, which encourages more shopping.

Consumption Upgrade

Private consumption is projected to grow at a CAGR of 8.0% from 2017 to 2023. There exists a structural shift from an investment-driven economy to a domestic consumption-driven economy in China. The improvement in Chinese consumers' standards of living has led to significant changes in consumption behaviour by moving away from basic needs to more discretionary expenditures, from physical goods oriented to consumer and other services and experience oriented.

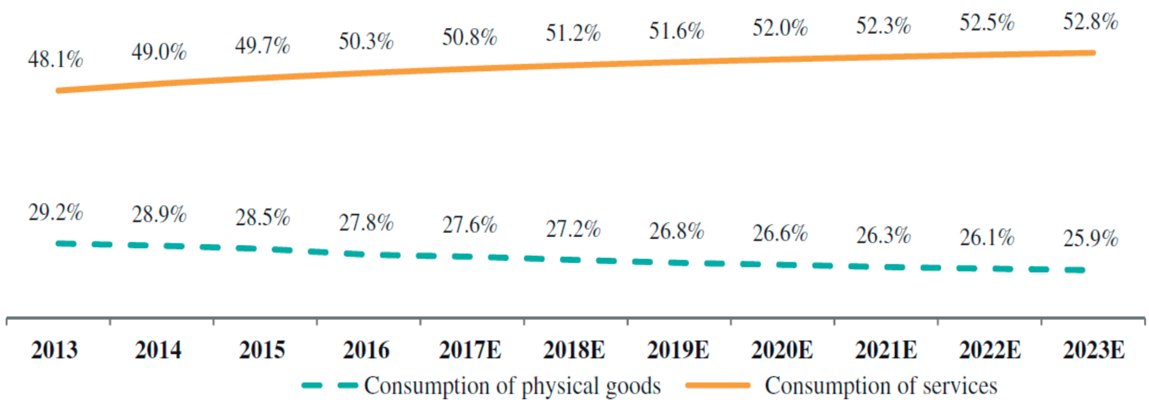

Figure 2: Mix of private consumption per capita shifting towards service consumption[1]

Source: iResearch

Note:

1) *Housing consumption is excluded.*

8. INDUSTRY OVERVIEW

This section of the industry overview is based on the research conducted by HKTDC & F&S.

Beauty Services Sector

Beauty services comprise mainly traditional beauty services and medical aesthetic services. Traditional beauty services refers to intimate care treatments and products covering spa, massage, manicure, pedicure, waxing or hair removal and other pre-and post-care services. As a consequence of increasing interest in personal beauty, the intimate care market is gaining significant momentum across the world. The global intimate care industry has increased to USD1,757.2 million in 2017, at a CAGR of 5.6% since 2012. The market is expected to increase to USD2,382.7 million at a CAGR of 6.3% from 2018 to 2022. Historically, patrons of the intimate care market are mostly female professionals whose spending accounted for around 84.8% of the total market size in terms of revenue. The market size for males are expected to grow at a higher CAGR of 7.3% from 2018 to 2022 as personal grooming consciousness spread amongst the male population.

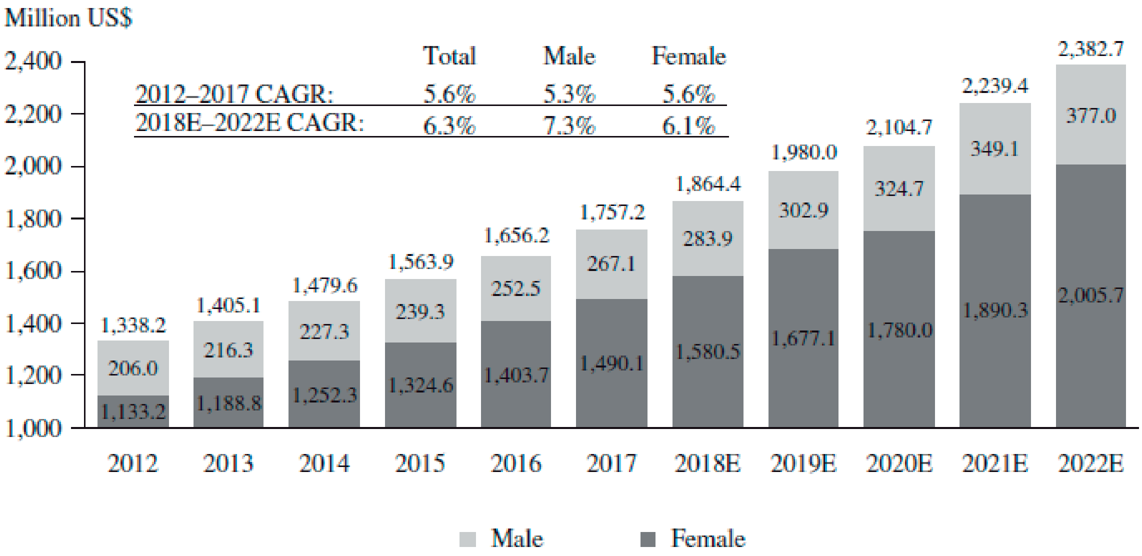

Figure 3: Market size by revenue of global intimate care industry, 2012 — 2022E

Source: F&S

Going forward backed by a growing economy and increasing awareness of personal hygiene bought about by urbanisation, and with the sustained development of economy and urbanisation, the market size of the PRC intimate care industry is predicted to reach RMB955.3 million by 2022, at a CAGR of 6.4% from 2018.

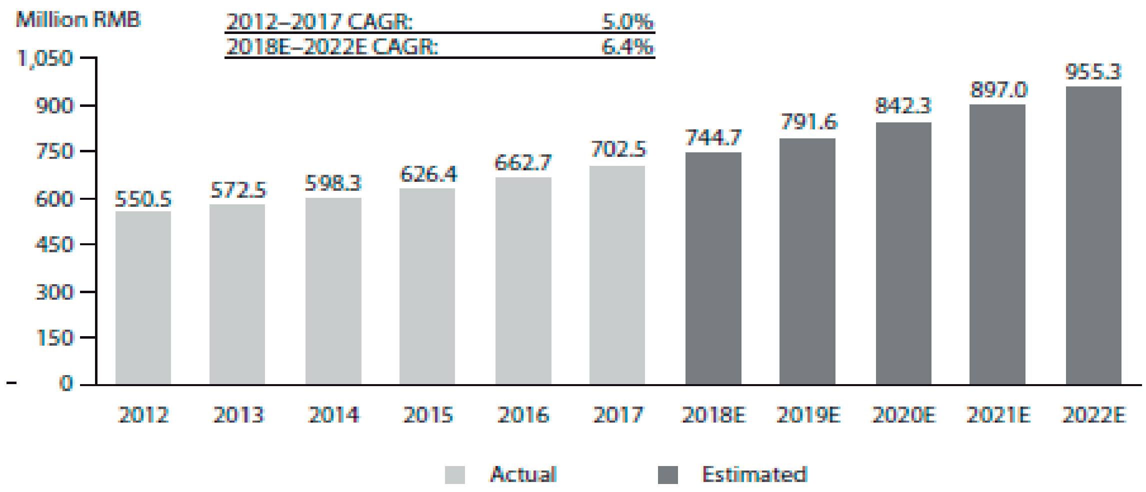

Figure 4: Market size by revenue of the PRC intimate care industry, 2012 — 2022E

Source: F&S

Cosmetics Sector

The cosmetics sector on the Chinese mainland has been growing at a fast pace in tandem with the rapid development of the Chinese economy in recent years. The total retail sales of skincare products and make-up products in China reached RMB186.7 billion and RMB34.4 billion, respectively, in 2017, achieving year-on-year growth of 10.3% and 21.3%, respectively. The table below shows recent years' retail sales of cosmetic products by wholesale and retail enterprises above a designated scale.

	2012	2013	2014	2015	2016	2017
(RMB billion)						
Retail sales	134.0	162.5	182.5	204.9	222.2	251.4
% Growth	n/a	21.3	12.3	12.3	8.4	13.1

** Figures above are subject to rounding*

Table 4: Retails sales of cosmetics products in China, 2012 — 2017

Source: National Bureau of Statistics of China

The men's cosmetics sector, particularly skincare products, exhibits strong growth. The male skincare products market expanded by 6.9% year-on-year in 2017 as male consumers become increasingly receptive to men's skincare and make-up products. In 2017 males accounted for 51.2% of the mainland's population. However, the share of cosmetic products for men in the overall cosmetics market is relatively small. The rising consciousness of personal beauty of men would become a key and potential growth driver to the beauty services and cosmetics sectors.

9. INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to historical performance, operations and industry, and other relevant information of Marsa Group. In addition, we have made relevant enquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to the financial information, projections and other pertinent data concerning Marsa Group provided to us by the Management.

The valuation of Rainbow Star requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of RS Group;
- Historical information of RS Group;
- Financial condition of RS Group;

- Proposed business development of RS Group;
- Nature and terms of the relevant agreements, contracts, licenses, permits and rights;
- Regulations and rules of the relevant industries;
- Economic and industry data affecting the markets and other dependent industries;
- Market-derived investment return(s) of similar business; and
- General global economic outlook

10. GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to value a business subject:

- Market Approach;
- Asset Approach; and
- Income Approach

Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing businesses that are similar in nature. It is also common practice to employ a number of valuation methods under each approach. Therefore, no one business valuation approach or method is definitive. A more detailed discussion of each approach is presented in the *ADDENDUM I — VALUATION APPROACHES* of this report.

11. VALUATION ANALYSIS

11.1. Methodology

In the process of valuing a business subject, we have taken into consideration of business nature assets type, specialty of its operations, assets owned and liabilities assumed and industry it is participating. Having considered the three general valuation methodologies, we believed that the Income Approach would be appropriate and reasonable in the valuation of Rainbow Star.

In this valuation, the Market Approach is not appropriate as there are insufficient relevant comparable transactions to form a reliable basis for our opinion of value. As the latest annual financial results failed to reflect the recent improving operations and to capture the potential growth driven by the Cooperation Agreements, valuation based on historical financial metrics by referring to the comparable guideline companies is therefore not representative. The Asset Approach is not applied as the valuation of the company is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. We have therefore relied solely on the Income Approach in determining our opinion of value as reasonable future projections could be estimated on the basis of historical financial results and potential future benefits.

It is simple adopting the Income Approach to state the value of a business in present value terms. This method is well accepted by most analysts and practitioners. One common method under the Income Approach is by looking from the perspective of the firm's investors including shareholders and debtholders. That is the free cash flow available to the business as a whole.

11.2. **Projections**

Projections were provided and prepared by the Management for the period from June 2018 through December 2022. We have reviewed the calculation and discussed with the Management regarding the assumptions and basis of the projections as below:

	2018[1]	**2019**	**2020**	**2021**	**2022**
RMB'000					
Revenue	21,222	52,639	64,615	72,339	76,847
Cost of revenue	(4,934)	(12,132)	(17,081)	(19,875)	(21,078)
Gross profit	16,289	40,507	47,535	52,464	55,769
Operating expenses	(12,455)	(30,518)	(34,004)	(36,246)	(37,608)
EBIT	3,833	9,989	13,530	16,218	18,160
Income tax	(958)	(2,497)	(3,383)	(4,055)	(4,540)
Net profit	2,875	7,492	10,148	12,164	13,620

** Figures above are subject to rounding*

Table 5: Projections, 2018 — 2022

Source: The Management

Note:

1) This is the projected half year result.

Revenue

Revenue mainly includes income from selling beauty and cosmetics products and provision of wellness services at self-operating and contracting management of beauty and wellness centers. The increase in revenue is mainly attributable to organic sales growth and strategic expansion of contracting management of new beauty and wellness centers.

In determining the organic growth rate, the Management have taken into consideration of the historical growth of the subject, the industry growth and the macro economic growth as stated in the

Economic Overview and the Industry Overview. The revenue of the self-operating centers is projected to increase at decelerating growth rate, beginning at 10.0% and gradually slowing down to 6.0% throughout the projections. The growing number of new beauty and wellness centers under contracting management is based on the Cooperation Agreements in relation to the Operating Premise I and the Operating Premise II which were scheduled for opening in the third and fourth quarter of 2018 and at least another four new centers as planned by the Management and scheduled for opening in stages by the end of 2020. Based on the information provided by the Management, (a) formal binding agreements have already been entered into in respect of the Operating Premise I and the Operating Premise II; (b) formal binding agreement with the Cooperation Partner I in respect of the planned opening in the first quarter of 2019 of the second center with similar size as the Operating Premise I situated at another hotel owned and managed by the Cooperation Partner I Group in Hangzhou and with terms similar to the Cooperation Agreement I was in advanced stage of negotiation and ready for signing in the fourth quarter of 2018; and (c) advanced negotiation was entered into with the Cooperation Partner I regarding the setting up of three other new centers at the other three hotels owned and managed by the Cooperation Partner I Group also with similar size of premise and similar terms of cooperation, but no formal agreement has been signed yet; Subject to the final agreements, the Management expects that the six new centers (including the Operating Premise I and the Operating Premise II) scheduled for opening by the end of 2020 will cover an aggregate floor area of approximately 2,124 m^2.

Based on the information provided by the Management, the cooperation between Marsa Group and the Cooperation Partner I Group will bring mutual benefits to both parties. One of the missions of the Cooperation Partner I Group is to serve the business travelling of its own staff and business counterparts in the hotels for accommodation. As the hotels under management by the Cooperation Partner I Group are located near its own business premises, it is the best interest of the Cooperation Partner I Group to arrange their business travelling staffs to stay in these hotels. The Cooperation Partner I Group will also provide supporting services to its business travelling staffs and business counterparts for conferences or meetings at the hotels. While they are staying in the hotels, the business travelling staffs as well as their clients are encouraged to use and enjoy the premium services and recreational facilities offered by the Cooperation Partner I Group in the hotels. As a result, unlike the self-operating centers that relying on retail customers, the Management expects the new beauty and wellness centers based in the hotels would have a more solid and larger customer base with a stronger consumption power. As represented by the Management, the operations and capacity of the new center will be comparable to the self-operating center, including but not limited to size, services, products, number of staffs, equipment and facilities, etc. To the best of knowledge and experiences of the Management, it is conservative but reasonable to use the historical monthly sales of self-operating centers as the base proxy for revenue forecast (before profit-sharing with the hotels) of the new centers.

On conservative basis, the revenue of the new beauty and wellness centers under contracting management is forecasted to up by 6.0% throughout the projections. The following shows the breakdown of revenue by each segment and their respective growth rate throughout the projections.

RMB'000	**2018**	**2019**	**2020**	**2021**	**2022**
Existing beauty and wellness centers					
- Revenue	18,792	39,739	43,061	46,231	49,172
- Growth rate	10.0%	9.0%	8.0%	7.0%	6.0%
New beauty and wellness centers					
- Revenue	2,430	12,900	21,554	26,108	27,675
- Growth rate	6.0%	6.0%	6.0%	6.0%	6.0%
- Number of new centers opened	2[1]	2[2]	2[3]	0	0

Table 6: Revenue projections by each segment, 2018 — 2022

Source: The Management

Note:

1) The two new centers will be open in third and fourth quarter of 2018.

2) The two new centers will be open in first quarter and third quarter of 2019.

3) The two new centers will be open in first quarter and third quarter of 2020.

Cost of Revenue

Cost of revenue mainly includes cost of products sold and profit sharing to the Cooperation Partners, which is based on the historical cost to sales ratio.

Operating Expenses

Major operating expenses are mainly related to staff costs, rental expenses, deprecations and promotional expenses, which are based on actual costs incurred in latest financial year or historical cost to sales ratio, and are projected to grow at the historical GDP or inflation rate.

Income Tax

The income tax is based on the statutory tax rate of 25%.

Profit Margin

The gross profit margin averages around 75%, comparatively lower than the historical gross profit margin of 89% and comparable industry gross margin of 87%, as a result of profit sharing with the Cooperation Partners which leads to lower gross profit generated from the proposed new centers under contracting management. However, the average net profit margin approximates to 16%, within the range of historical net profit margin of 20% and comparable industry net profit margin of 13%. Taking into account the revenue growth and cost cutting, the Management is of the view that the net profit margin is expected to be improving. After imposing stringent cost control and closing down of two underperformed self-operating centers, the Management expects lower selling & administrative costs, which leads to an improving net profit margin. In addition, the rental and other related expenses of the proposed new centers will be borne by the Cooperation Partners, reducing the pressure of operating expenses incurred by Marsa Group.

11.3. Discount Rate

A discount rate represents the total expected rate of return that an investor would demand on the purchase price of an ownership interests in an asset given the level of risk inherent in that ownership interests. In this valuation, the discount rate applied to the cash flow streams attributable to Marsa Group is the weighted average cost of capital ("**WACC**"). Detailed discussion is presented in *ADDENDUM II — DISCOUNT RATE DERIVATION*.

To derive the discount rate concerning the investment risks involved in the future cash flows of Marsa Group, we have considered a number of aspects or characteristics of the valuation subject to select comparable companies, including but not limited to (1) the beauty and personal care subsectors of cosmetics industry, (2) the business model which involves the operations of beauty salon and wellness centers, (3) the provision of one-stop services of beauty and skincare treatments, (4) the bundle sale of related beauty and cosmetic products for the treatments, (5) the Chinese customer base and (6) the operations based in China. The following criteria have been adopted for the selection of comparable companies:

- Public listing location in China (excluding Hong Kong);
- Principal place of business based in China (excluding Hong Kong and/or Macau); and
- Major revenue contribution from beauty salon (including beauty treatments and beauty products) and related services.

To be best of our efforts, however, no comparable matching all the above mentioned criteria were identified. It is our understanding that the Hong Kong economy is externally oriented and highly dependent on trade with the rest of the world. It is a consumption based and services-oriented economy, of which Mainland China has been the most important economic counterpart to Hong Kong. In view of geographical proximity and close economic activities between these two markets, we then expanded the search scope by adopting the following criteria:

- Public listing location in Hong Kong;
- Principal place of business based in the Greater China Region (Including Hong Kong and Macau); and
- Major revenue contribution from beauty salon (including beauty treatments and beauty products) and related services.

Based on the above searching criteria, on best effort basis, the selected comparable companies which are engaged in the similar business include:

Comparable name	Bloomberg stock code
Modern Beauty Salon Holdings Limited	919 HK
Water Oasis Group Limited	1161 HK
Perfect Shape Medical Limited	1830 HK

Table 7: List of comparable companies

Source: Bloomberg

The principal activities of the selected comparable companies are set out on Addendum III of this report. Set forth below are the revenue distribution among Marsa Group and the shortlisted comparable companies based on the latest available annual financial results:

	Marsa Group	919 HK	1161 HK	1830 HK
By geographical segment				
- Hong Kong and/or Macau	n/a	86.7%	96.3%	65.1%
- China (excluding Hong Kong and Macau)	100%	3.9%	3.7%	34.9%
- Others	n/a	9.4%	n/a	n/a
By business segment				
- Provision of beauty salon services and related products	100%	100%	100%	100%

Table 8: Comparative analysis of the comparable and subject valuation

Source: Bloomberg

We have made a comparison between Marsa Group and the above shortlisted comparable on the basis of geographical and business segments. All the above identified comparable produced income from provision of beauty salon services and related products like Marsa Group, but it is noted that the primary income source of Marsa Group was from the PRC whilst the above shortlisted comparable mainly generated revenue from Hong Kong and/or Macau.

Due to the fact that there are limited available comparable companies which solely offer beauty salon (including beauty treatments and products) and related services in China, the above shortlisted comparable were on best endeavors after exhaustive and thorough searches on Bloomberg, as regard to the similarity in their principal business activities with Marsa Group, based on the criteria listed above. Given that the above selected comparable companies are engaged in similar business activities and industry sector for several years, they are considered to be exposed to similar risks faced by Marsa Group. Thus, the beta coefficients of these comparable companies reasonably reflect the relevant industry and operation risks of the subject valuation.

In valuation practice, business nature is the most determinant factor in selecting guideline companies and we are not aware of any valuation standard against such selection criteria as set out above. Companies of same business nature which do not share identical business attributes, does not preclude its comparability with its peers. We are of the view that there are no perfect comparable companies in the market offering homogenous products/services or having exact same business attributes. Despite there are one or more slight differences between Marsa Group and the shortlisted comparable (in particular, the geographic location of operation as mentioned above), they are still considered to be appropriate to serve as guideline comparable companies to the subject valuation. In some circumstances, based on available information, it is theoretically applicable to control such difference between the comparable and subject valuation by applying weight or adjustments on the basis of valuer's judgement and widely accepted methods or practices, without affecting the comparability of the comparable to the subject valuation. In light of the above, to accommodate the difference in operation location between the selected comparable companies and Marsa Group, the discount rate has been adjusted for country risk of Mainland China by increasing the market equity risk premium on the basis of volatilities of China broad market index.

The company description of the above comparable companies is presented in *ADDENDUM III — COMPARABLE COMPANIES DESCRIPTION* of this report.

Our analysis suggested that a discount rate of 13.10% to be appropriate for valuing Marsa Group as at the Valuation Date.

11.4. Non-cash Working Capital

The non-cash working capital to sales of -10.00% is estimated by making reference to the historical level of Marsa Group.

11.5. Capital Investment

As represented by the Management, the capital investment spent on expansion throughout the projections is estimated to be RMB14.34 million.

11.6. Terminal Growth

The terminal growth rate adopted is 3%, which is based on the historical GDP and inflation rate.

11.7. Marketability Discount

We have adopted a lack of marketability discount ("**DLOM**") of approximately 15.80% for Marsa Group as ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. The discount is benchmarked to the 2018 edition of the *Stout Restricted Stock Study Companion Guide*, a common and widely used research study to assist the valuation profession in determining DLOM, and is based on 744 private placement transactions of unregistered common stock issued by publicly traded companies from July 1980 through September 2017.

11.8. Non-controlling Interests

The non-controlling interests of RS Group represents the 30% shareholding of Marsa Group owned by other shareholders. A discount of minority interests was applied to reflect the lacks control over corporate polices like election of directors or selection of management, acquisition or liquidation of assets, control over dividend policy, ability to set corporate strategies, ability to affect future earnings, etc. According to *Mergerstat Control Premium Study*, a common and widely used research for the valuation profession as empirical evidence, control premium of 22.00% implied a minority discount of approximately 18.03%[1].

Note:

1) *The minority discount is calculated as 1 — 1 / (1 + control premium).*

11.9. Non-operating Assets and Liabilities

In computing the value of Rainbow Star, we have adjusted the assessed enterprise value for the non-operating assets and liabilities as at the Valuation Date. Based on the unaudited financial results provided by the Management, the non-operating assets and liabilities are as follows:

		Marsa Group RMB'000	Rainbow Star & Health Gold HK$'000
Excess cash	:	395	0
Debt	:	0	0
Other non-operating assets	:	100	5,623
Other non-operating liabilities	:	5,347	5,681

** Figures above are subject to rounding*

Table 9: Non-operating assets and liabilities of RS Group

Source: The Management

11.10 Calculation

Based on the above parameters and inputs, the calculation of this valuation is presented as follows:

		Basis	Input value million
1)	Enterprise value		RMB138.18
2)	Net non-operating liabilities of Marsa Group[1]		RMB5.25
3)	Firm value before DLOM	(1) - (2)	RMB132.94
4)	DLOM	(3) x 15.80%	RMB21.00
5)	Firm value	(3) - (4)	RMB111.93
6)	Surplus cash of Marsa Group[2]		0.40
7)	100% equity value of Marsa Group in Renminbi		RMB112.33
8)	RMBHK$ exchange rate		1.185
9)	100%quity value of Marsa Group in HK$	(7) x (8)	HK$133.12
10)	Non-controlling interest	(9) x 30.00% x (1 - 18.03%)	HK$32.73
11)	Surplus liabilities[3]		0.06
12)	100% equity value of Rainbow Star		HK$100.33

** Figures above are subject to rounding*

Table 10: Calculation basis of the valuation

Source: Graval and the Management

Note:

1) This is the sum of non-operating assets and the non-operating liabilities.

2) This is the sum of cash and debts.

3) This is the sum of cash, debts, non-operating assets and non-operating liabilities of Rainbow Star and Health Gold.

12. VALUATION ASSUMPTIONS

- In addition to the Cooperation Agreements, for business expansion, the Management will procure further cooperation between Marsa Group and the Cooperation Partners I Group by entering into a contractual relationship;

- RS Group is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognized or valued attributable to the RS Group;

- For Marsa Group to continue as a going concern, Marsa Group will successfully carry out all necessary activities for the development of its business;

- The contractual parties of the relevant cooperation agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;

- The availability of finance will not be a constraint on the forecast growth of Marsa Group's operations;

- The audited/unaudited financial information of RS Group as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of RS Group as at the respective balance sheet dates;

- Market trends and conditions where Marsa Group operates will not deviate significantly from the economic forecasts in general;

- Key management, competent personnel and technical staff will all be retained to support ongoing operations of Marsa Group;

- There will be no material changes in the business strategy of Marsa Group and its expected operating structure;

- Interest rates and exchange rates in the localities for the operations of Marsa Group will not differ materially from those presently prevailing;

- All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where Marsa Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which Marsa Group operates or intends to operate, which would adversely affect the revenues and profits attributable to Marsa Group.

13. LIMITING CONDITIONS

Our conclusion of the value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates as identified or being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for their accuracy.

We have made reference to the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and that any material facts have been omitted from the information provided. No responsibility for the operational and financial information that have not been provided to us is accepted.

We have not investigated the title to or any legal liabilities of RS Group and have assumed no responsibility for the title to RS Group.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value(s) are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value(s) represents the consideration based on information furnished by the Company and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

We would particularly point out that our valuation was based on the information such as company background, business nature, market share, and future prospect as well as the projections of Marsa Group provided to us.

14. REMARKS

The Management has reviewed and agreed on the report and confirmed the factual content of the report.

We hereby confirm that we have neither present nor prospective interests in RS Group, the Group and its holding companies or the value reported herein.

15. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, we are of the opinion that the fair market value of the 100% equity interests in Rainbow Star as at the Valuation Date was in the sum of **HK$100,327,000 (HONG KONG DOLLARS ONE HUNDRED MILLION THREE HUNDRED AND TWENTY-SEVEN THOUSAND ONLY).** A sensitivity check is presented *in ADDENDUM IV — SENSITIVITY ANALYSIS*.

Respectfully submitted,
For and on behalf of
GRAVAL CONSULTING LIMITED

Kelvin C.H. Chan, *FCCA, CFA, MRICS*
Chairman

Analysed and reported by : **Damon S.T. Wan,** *CFA, FRM*
Director

: **Willy T.Y. Yu**
Analyst

: **Tony M.C. Kok**
Analyst

ADDENDUM I — VALUATION APPROACHES

Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analysing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operations, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interests of the business entity.

Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

ADDENDUM II — DISCOUNT RATE DERIVATION

WACC comprises of two components: cost of debt and cost of equity. It is calculated taking into account the relative weights of each component of the capital structure. It is computed using the formula below:

WACC = We x Re + Wd x Rd x (1 — T)

in which

Re = cost of equity

Rd = cost of debt

We = portion of equity value to enterprise value

Wd = portion of debt value to enterprise value

T = corporate tax rate

The cost of equity is developed through the application of the Capital Asset Pricing Model ("**CAPM**") with reference to the required rates of return demanded by investors for similar projects. The CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated to the risk in the return from the stock market as a whole are referred to as systematic and measured by a parameter called beta, whereas other risks are referred to as nonsystematic. A major requirement in generating the cost of equity is to identify companies that are comparable to the business related to the subject in terms of business nature and associated risks.

The cost of equity for the business related to the subject is the sum of the risk-free rate return, the equity risk premium required by investors to compensate for the systematic risk assumed with adjustments for increment for risk differentials of the business related to the subject versus those of the comparable companies, if applicable, including risk adjustments for size ("**Small Capitalization Risk Premium**"), lack of marketability of privately held companies ("**Liquidity Risk Premium**") and other risk factors in relation to the comparable companies ("**Company Specific Risk Premium**").

Discount rate calculation

		Basis	Input
1)	Risk free rate		3.48%
2)	Equity beta		0.55
3)	Market risk premium		9.20%
4)	Size premium		3.67%
5)	Specific risk premium		1.00%

		Basis	Input
6)	Cost of equity	(1) + (2) x (3) + (4) + (5)	13.18%
7)	Weight of equity		99.21%
8)	Cost of debt		4.90%
9)	After-tax cost of debt		3.68%
10)	Weight of debt		0.79%
11)	Discount rate	(6) x (7) + (9) x (10)	13.10%

** Figures above are subject to rounding*

Table 10: Discount rate input and basis

** Figures above are subject to rounding.*

Note:

1) This is the 10-year yield of China Government Bond, which is sourced from Bloomberg.

2) This is the average of adjusted beta of comparable companies, which is sourced from Bloomberg.

3) This is the adjusted equity market risk premium, which is sourced from Bloomberg and Damodaran Online, a common and widely used information source of valuation, corporate finance and investment management.

4) This is to account for the higher return of smaller company stocks, which is based on the research published by Duff & Phelps, LLC.

5) This is the increased required return for company specific risk in relation to the uncertainty of proposed new business and expansion, which is subject to our professional judgement.

6) Cost of equity = risk free rate + equity beta x market risk premium + size premium + specific risk premium.

7) This is based on weight of equity of comparable companies, which is sourced from Bloomberg.

8) This is the benchmark lending rate currently fixed by the People's Bank of China for term loans above five years, which is sourced from Bloomberg.

9) After-tax cost of debt = cost of debt x (1 - corporate income tax rate).

10) This is based on weight of debt of comparable companies, which is sourced from Bloomberg.

11) This is based on weighted average cost of capital.

ADDENDUM III — COMPARABLE COMPANIES DESCRIPTION

Modern Beauty Salon Holdings Limited — 919 HK

Modern Beauty Salon Holdings Limited is a Hong Kong-based investment holding company principally engaged in the provision of beauty and wellness services. The company operates through two segments. Beauty and wellness services segment is engaged in the provision of beauty and wellness services. Its services include beauty and facial services, slimming programs, spa and massage services and aesthetics services. Skincare and wellness products segment is engaged in the sales of skincare and wellness products. Its brands include be, FERRECARE, Advanced Natural, BeYu and Fanola, among others. The company operates businesses in Hong Kong, Mainland China, Singapore and Malaysia, among others.

Water Oasis Group Limited — 1161 HK

Water Oasis Group Limited is an investment holding company principally engaged in the operations of beauty centers, spas and medical beauty centers. The company operates through two business segments. The retail segment is mainly engaged in the retailing of skincare products under the brand names of h2o+, Erno Laszlo and Glycel. The services segment is engaged in the provision of services in beauty centers, spas and medical beauty centers mainly under the brand names of Oasis Spa, Oasis Beauty, Aqua Beauty and Oasis Homme. The company is also involved in the operations of a florist shop in Hong Kong and the distribution of beauty service equipment through its subsidiaries.

Perfect Shape Medical Limited — 1830 HK

Perfect Shape Medical Limited is an investment holding company principally engaged in the provision of slimming and beauty services and the sales of slimming and beauty products. The company operates its business in Hong Kong, Mainland China and Macau. The company's subsidiaries include Perfect Shape Advertising Company Limited, Perfect Shape & Skin Management Co. Limited and Perfect Shape & Skin (TM) Limited. Through its subsidiaries, the company is also engaged in the provision of advertising services.

ADDENDUM IV — SENSITIVITY ANALYSIS

Sensitivity analysis was performed to test the sensitivity of the value to change of certain underlying variables which are considered to be risk exposures of the valuation subject, while holding other parameters unchanged:

	HK$'000
Discount rate	
1% increase	-8,743
1% decrease	10,621
Revenue growth rate	
1% increase	10,153
1% decrease	-9,829

ADDENDUM V — STAFF BIOGRAPHY

Kelvin C.H. Chan, *FCCA, CFA, MRICS*
Chairman

Mr. Kelvin C.H. Chan is a CFA Charterholder, a member of RICS and a fellow member of the Association of Chartered Certified Accountants. He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis and business valuation.

Damon S.T. Wan, *CFA, FRM*
Director

Mr. Damon S.T. Wan is a CFA Charterholder and Certified FRM and has been working in the professional valuation field since 2008. He is experienced and specialized in performing financial instruments, intangible assets and business valuations for the purposes of corporate advisory, merger & acquisition and public listing.

Willy T.Y. Yu
Analyst

Mr. Willy T.Y. Yu is an analyst who has been working in the banking and financial industry since 2014. He possesses experience in the aspects of corporate credit risk, cash trading and business valuation.

Tony M.C. Kok
Analyst

Mr. Tony M.C. Kok is an analyst who has been working in the financial industry since 2015. He possesses experience in the aspects of financial derivatives, insurance and business valuation.

The following is the text of a report received from the auditors of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, in respect of the valuation of the entire issued share capital of Rainbow Star Global Limited for the purpose of incorporation in this circular.

28 December 2018

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE ISSUED SHARE CAPITAL OF RAINBOW STAR GLOBAL LIMITED AND ITS SUBSIDIARIES

TO THE DIRECTORS OF GREEN INTERNATIONAL HOLDINGS LIMITED

We have reviewed the calculations of the discounted future estimated cash flows on which the valuation report dated 28 December 2018 (the "**Valuation Report**") prepared by Graval Consulting Limited (the "**Independent Valuer**") in relation to the valuation of the entire issued share capital of Rainbow Star Global Limited ("**Rainbow Star**" and together with its subsidiaries, the "**Target Group**") as at 30 June 2018 (the "**Valuation**"). The Valuation based on the discounted future estimated cash flows is regarded as profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in the circular of Green International Holdings Limited (the "**Company**") dated 28 December 2018 (the "**Circular**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors of the Company and set out in the Circular (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants ("the **HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" issued by the HKICPA. This standards require that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flow, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquires of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Group.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumption about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hon Koon Fai, Alex
Practising Certificate Number: P05029
Hong Kong

The following is the text of a report received from the financial adviser to the Company, Astrum Capital Management Limited, in respect of the Valuation for the purpose of incorporation in this circular.

Green International Holdings Limited
Suite 2208-09, 22/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Attention: The Board of Directors

28 December 2018

Dear Sirs,

We refer to the valuation report dated 28 December 2018 (the "**Valuation Report**") prepared by Graval Consulting Limited (the "**Independent Valuer**") in relation to the valuation of the entire issued share capital of Rainbow Star Global Limited ("**Rainbow Star**", and together with its subsidiaries, the "**Target Group**") as at 30 June 2018 (the "**Valuation**").

We noted that the Valuation has been developed based on the discounted cash flow approach, which is regarded as profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and this letter is issued in compliance with the requirement under Rule 14.62(3) of the Listing Rules. The principal assumptions upon which the Valuation is based are included in the circular of Green International Holdings Limited (the "**Company**") dated 28 December 2018 (the "**Circular**"), of which this letter forms part.

We have reviewed the Profit Forecast, for which you as the directors of the Company (the "**Directors**") are solely responsible for, and have discussed with the management of the Company and the Independent Valuer regarding the bases and assumptions upon which the Profit Forecast has been made to arrive at the Valuation. We have also reviewed the letter issued by HLB Hodgson Impey Cheng Limited, the reporting accountants of the Company, dated 28 December 2018 as set out in Appendix II to the Circular containing its opinion on whether the discounted future estimated cash flow, so far as the arithmetical accuracy of the calculations are concerned, have been properly compiled in accordance with the bases and assumptions made by the Directors.

On the basis that (i) the assumptions and calculations adopted by the Independent Valuer in respect of the Profit Forecast have been properly reviewed by the Directors; and (ii) the Directors are satisfied that no further matters should be brought to our attention, we are of the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry. However, as the relevant bases and assumptions are related to future events which may or may not occur, the actual financial performance of the businesses of the Target Group may or may not achieve as expected. We express no opinion as to how closely the actual cash flow will eventually correspond with the Profit Forecast.

Our work in connection with the Profit Forecast has been undertaken solely for the strict compliance under Rule14.62(3) of the Listing Rules and for no other purpose.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (b) which were recorded in the register (the "**Register**") maintained by the Company pursuant to Section 352 of the SFO, or (c) which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	Capacity in which the Shares or underlying Shares are held	Long positions in Shares and underlying Shares	Approximate percentage of total issued Shares *(Note 3)*
Mr. Yu Qigang ("**Mr. Yu**")	Interest of controlled corporations	1,693,579,979 *(Note 1)*	58.92%
Mr. Liu Dong ("**Mr. Liu**")	Beneficial owner	91,460,000 *(Note 2)*	3.18%
	Interest of controlled corporation	160,000,000 *(Note 2)*	5.57%

Notes:

1. These 1,693,579,979 Shares and underlying Shares deemed to be interested by Mr. Yu comprised:

   (a) 705,882,352 underlying Shares attributable to the 3% per annum convertible bonds (the "**HK Yinger CB**") issued by the Company (with the principal sum of HK$120,000,000 carrying conversion right to convert into Shares at the conversion price of HK$0.17 per Share) beneficially owned by Fluent Robust Limited ("**Fluent Robust**"), which is a controlled corporation wholly-owned by Hong Kong Sheen Smile International Investment Limited ("**HK Yinger**"), which is in turn wholly-owned by Mr. Yu; and

(b) 987,697,627 Shares beneficially owned by Gold Bless International Invest Limited ("**Gold Bless**"), a company whose issued shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang Wang Jian ("**Mr. Yang**"), the sole director of Gold Bless and an ex-director of the Company, as to: (a) 65% (the "**Disputed Gold Bless Shareholding**") in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top Investments Limited ("**Winning Top**"), a company which is wholly-owned by Mr. Yu.

Gold Bless is deemed to be a controlled corporation of Mr. Yu pursuant to Part XV of the SFO because of the 20% and 15% registered shareholding of Mr. Yu and Winning Top in Gold Bless. In addition, based on the information provided by Mr. Yu, (i) he has an alleged claim over the Disputed Gold Bless Shareholding; (ii) he has commenced legal action in Hong Kong (the "**Gold Bless Litigation**") against Mr. Yang which may, subject to the outcome of the litigation, affect the ownership of the Disputed Gold Bless Shareholding; (iii) pursuant to the order of the High Court of Hong Kong, the 987,697,627 Shares held by Gold Bless are maintained with a licensed financial institution until further order or the conclusion of the Gold Bless Litigation; and (iv) pursuant to the order of the High Court of Hong Kong, Mr. Yang and Gold Bless cannot deal with the Disputed Gold Bless Shareholding and with the 987,697,627 Shares held by Gold Bless until further order or the conclusion of the Gold Bless Litigation.

The deemed interest of Mr. Yu regarding the 705,882,352 underlying Shares attributable to the HK Yinger CB duplicates with those of HK Yinger and Fluent Robust as described in Note 1 in the section headed "(B) Substantial shareholders' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" below. The deemed interest of Mr. Yu regarding the 987,697,627 Shares held by Gold Bless duplicates with those of Gold Bless and Mr. Yang as described in Note 2 in the section headed "(B) Substantial shareholders' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" below.

2. According to disclosure of interest filings, the 251,460,000 Shares deemed to be interested by Mr. Liu comprised (a) 91,460,000 Shares held by Mr. Liu personally; and (b) 160,000,000 Shares held by Smoothly Good Investment Development Limited ("**Smoothly Good**"), a controlled corporation wholly-owned by Mr. Liu.

   The deemed interest of Mr. Liu regarding the 160,000,000 Shares held by Smoothly Good duplicates with those of Smoothly Good as described in Note 3 in the section headed "(B) Substantial shareholders' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" below.

3. The percentages are calculated based on the total number of 2,874,196,656 issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

(B) **Substantial shareholders' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations**

As at the Latest Practicable Date, so far as it is known by or otherwise notified by any Director or the chief executives of the Company, the particulars of the corporations or persons (not being a Director or chief executive of the Company) who had 5% or more interests and short positions in the shares and underlying shares of the Company as recorded in the Register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the "**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Name of substantial shareholder	**Capacity in which the Shares or underlying Shares are held**	**Long positions in Shares and underlying Shares**	**Approximate percentage of total issued Shares** *(Note 7)*
HK Yinger	Interest of controlled corporation	705,882,352 *(Note 1)*	24.56%
Fluent Robust	Beneficial owner	705,882,352 *(Note 1)*	24.56%
Mr. Yang	Interest of controlled corporation	987,697,627 *(Note 2)*	34.36%
Gold Bless	Beneficial owner	987,697,627 *(Note 2)*	34.36%
Smoothly Good	Beneficial owner	160,000,000 *(Note 3)*	5.57%
Mr. Li Wen Hua ("**Mr. Li**")	Interest of controlled corporation	352,941,176 *(Note 4)*	12.28%
Crown Hang International Investment Limited ("**Crown Hang**")	Beneficial owner	352,941,176 *(Note 4)*	12.28%
Mr. Huang Zhenxia ("**Mr. Huang**")	Interest of controlled corporation	234,375,000 *(Note 5)*	8.15%
Ample Reach Limited ("**Ample Reach**")	Beneficial owner	234,375,000 *(Note 5)*	8.15%
Ms. Ye Keyi	Beneficial owner	266,000,000	9.25%
Ms. Ye Yingying	Beneficial owner	204,400,000	7.11%

Notes:

1. These 705,882,352 underlying Shares are attributable to the HK Yinger CB beneficially owned by Fluent Robust, which is a controlled corporation wholly-owned by HK Yinger, which is in turn wholly-owned by Mr. Yu. The deemed interest of HK Yinger and Fluent Robust here duplicates with those of Mr. Yu as described in Note 1(a) in the section headed "(A) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above.

2. These 987,697,627 Shares were beneficially owned by Gold Bless, a company whose issued shares were registered, according to the disclosure of interest filings made on behalf of Mr. Yang, the sole director of Gold Bless and an ex-director of the Company, as to: (a) the 65% Disputed Gold Bless Shareholding in the name of Mr. Yang; (b) 20% in the name of Mr. Yu; and (c) 15% in the name of Winning Top (a company which is wholly-owned by Mr. Yu). The deemed interest of Gold Bless and Mr. Yang here duplicates with those of Mr. Yu as described in Note 1(b) in the section headed "(A) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above.

3. According to disclosure of interest filings, these 160,000,000 Shares were beneficially owned by Smoothly Good, a controlled corporation wholly-owned by Mr. Liu. The deemed interests of Smoothly Good here duplicates with those of Mr. Liu as described in Note 2 in the section headed "(A) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or its associated corporations" above.

4. According to disclosure of interest filings, these 352,941,176 underlying Shares are attributable to the 6% per annum convertible bonds issued by the Company (with the principal sum of HK$60,000,000 carrying conversion right to convert into Shares at the conversion price of HK$0.17 per Share) beneficially owned by Crown Hang, a company which is reportedly owned as to 100% by Mr. Li. Mr. Li and Crown Hang's deemed interests in underlying Shares duplicate with each other.

5. According to disclosure of interest filings, these 234,375,000 Shares deemed to be interested by Mr. Huang comprised (a) 78,125,000 Shares held by Ample Reach, a controlled corporation wholly-owned by Mr. Huang; and (b) 156,250,000 underlying Shares attributable to the zero-coupon convertible bonds (the "**Ample Reach CBs**") issued by the Company (with the aggregate principal sum of HK$27,343,750 carrying conversion right to convert into Shares at the conversion price of HK$0.175 per Share) owned by Ample Reach. Mr. Huang and Ample Reach's deemed interests in Shares and underlying Shares duplicate with each other.

6. The percentages are calculated based on the total number of 2,874,196,656 issued Shares as at the Latest Practicable Date.

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at the Latest Practicable Date, had any Voting Entitlements or interests or short positions in the shares or underlying shares as recorded in the Register required to be kept under Section 336 of the SFO.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

4. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, directly or indirectly, with the businesses of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017 (being the date to which the latest published audited financial statements of the Company were made up).

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice contained in this circular:

Name	Qualification
Astrum	A licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Red Sun	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
HLB	Certified Public Accountants
Graval Consulting Limited	Independent professional valuer

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the experts named above did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the experts named above did not have any direct or indirect interest in any assets which have been acquired or disposed of or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up).

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. on any weekday other than public holidays, from the date of this circular up to and including the date of the EGM at the principal place of business of the Company at Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong:

(a) the memorandum and articles of association of the Company;

(b) the "Letter from the Board", the text of which is set out on pages 4 to 16 of this circular;

(c) the "Letter from the Independent Board Committee", the text of which is set out on page 17 of this circular;

(d) the "Letter from the Independent Financial Adviser", the text of which is set out on pages 18 to 31 of this circular;

(e) the business valuation report of the Target Group prepared by the Independent Valuer as set out in Appendix I to this circular;

(f) the reports on forecasts underlying the valuation of the Target Group prepared by HLB and Astrum, respectively, the text of which is set out in Appendix II to this circular;

(g) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix;

(h) the Acquisition Agreement (as supplemented by the supplemental agreement dated 16 December 2014); and

(i) this circular.

GREEN INTERNATIONAL HOLDINGS LIMITED
格林國際控股有限公司

GREEN INTERNATIONAL HOLDINGS LIMITED
格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2700)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Green International Holdings Limited (the "**Company**") will be held at Conference Room, Suite 2208-09, 22/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 17 January 2019 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the non-exercise of the right (the "**Sell-Back Right**") of the Company to sell, and require Mr. Chung Sum Sang and Ms. Eva Au (the "**Vendors**") to buy back, the entire issued share capital of Rainbow Star Global Limited ("**Rainbow Star**") at a consideration which is equivalent to the consideration already paid by the Company, granted by the Vendors pursuant to the sale and purchase agreement dated 21 November 2014 (the "**Acquisition Agreement**") entered into between the Company and the Vendors in relation to the acquisition (the "**Acquisition**") of Rainbow Star (as supplemented by the supplemental agreement dated 16 December 2014), be and is hereby approved; and

(b) the Directors be and are hereby generally and unconditionally authorized to do all such acts or things and execute and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to the transactions contemplated by the non-exercise of the Sell-Back Right, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company."

By order of the Board
Green International Holdings Limited
Yu Qigang
Chairman

Hong Kong, 28 December 2018

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Suite 2208-09, 22/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM.

4. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all resolutions to be proposed at the EGM convened by this notice will be voted on by way of poll.

6. In accordance with the Listing Rules, Ms. Eva Au ("**Ms. Au**") and her associates (as defined in the Listing Rules), Mr. Chung Sum Sang ("**Mr. Chung**") and his close associates (as defined in the Listing Rules), and any other Shareholders who has a material interest in the resolution approving the non-exercise of the Sell-Back Right (the "**Relevant Resolution**") will be required to abstain from voting for the Relevant Resolution. All Shareholders who vote (which reference shall include all non-registered Shareholders who give voting directions to any securities brokers, banks, custodians or nominee companies) in favour of or against the Relevant Resolution (each a "**Disinterested Voter**") is deemed to have confirmed, warranted and undertook to the Company and all "specified recipients" (as defined in Section 384 of the SFO) that he/she/it (1) is not an associate of Ms. Au; (2) is not a close associate of Mr. Chung; and (3) has no material interest in the subject matter of the Relevant Resolution whether of him/her/it or his/her/its close associates. By placing voting direction to vote for or against the Relevant Resolution, each Disinterested Voter is deemed to have intended that the Company and all "specified recipients" should be entitled to, and would actually, rely on the said No Material Interest Confirmation. **Any Shareholders and non-registered Shareholders who cast or attempt to cast vote(s) (whether by proxy, corporate representative or in person and/or voting directions through securities brokers, banks, custodians or nominee companies or otherwise) in contravention with the No Material Interest Confirmation may face the following consequences: (1) having his/her/its votes disregarded by the Company if the breach is discovered before the announcement of the voting results; (2) civil remedies including injunctive reliefs to be sought by the Company in Court if the breach is discovered after the announcement of the voting results; and (3) criminal consequence under the SFO for knowingly or recklessly providing false and misleading information to, and was relied upon by, any "specified recipients".** For the avoidance of doubt, it is the non-registered Shareholder who gives the voting direction (instead of CCASS or the Intermediaries) who will be responsible for the No Material Interest Confirmation.

7. As at the date of this notice, the executive Directors are Mr. Yu Qigang (Chairman), Mr. Chen Hanhong and Mr. Liu Dong; and the independent non-executive Directors are Mr. David Tsoi, Mr. Wu Hong and Mr. Wang Chunlin.